

CONFIDENTIAL.

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407

CORRESPONDENCE

RESPECTING THE

INDEPENDENCE OF THE EGYPTIAN CUSTOMS

FROM

OTTOMAN CONTROL,

AND THE

RAFTIEH SYSTEM IN EGYPT.

34

1883-84.

CONFIDENTIAL.

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Correspondence respecting the Independence of the Egyptian Customs from Ottoman Control, and the Raftieh System in Egypt: 1883-84.

No. 1.

Memorandum by Mr. Caillard concerning the "Raftieh Mutadâwileh."

Description of a "Raftieh Mutadâwileh."

THE nature of a "raftieh mutadâwileh" can be best defined by giving the following instance of its use:—

A number of merchants established in Egypt have regular business dealings with their correspondents in Ottoman ports on the Red Sea, to whom they send European goods that they have bought in Egyptian markets. At the time they are purchased these goods are no longer subject to customs duty, for this duty has been already paid upon them at the time of their original introduction into Egypt from Europe. Hence, upon the application of the buyers, a "raftieh" is issued by the Egyptian Customs, setting forth that, as these goods have been already bought and sold in Egypt, it is impossible to ascertain and indicate the amount of duty that was at first collected on them.

This form of "raftieh" is provided for in the Turkish Règlement, where it is called a "raftieh mutadâwileh," that is, for articles that have passed from hand to hand.

Règlement annulled as regards "Raftiehs" issued in Egypt by Circular of Ottoman Administration of Indirect Contributions, of 5 Rabi Akher, 1299.

Formerly the Turkish Customs accepted such "raftiehs," and issued similar certificates, which were equally accepted by the Egyptian Customs. A few months ago, however, the Administration of Indirect Contributions at Constantinople caused a Circular, dated 5 Rabi Akher, 1299, to be communicated, through the Egyptian Finance Ministry, to the Egyptian Customs Administration, prescribing that, after the 1st March, 1298 (o.s.), the Turkish Customs would no longer accept "raftiehs mutadâwileh" emanating from the Egyptian Customs, and instructing the latter to thenceforth inscribe on the "raftieh" both the value of the articles referred to in it and the amount of duty that had been collected thereon.

Measure not Reciprocal in its Effects.

It was soon found, however, that the Turkish Customs in no way intended to be themselves governed by the rule they had laid down for Egypt, for they continued, and still continue, to issue "raftiehs mutadâwileh," while enforcing the application of the new measure as regards goods going from Egypt.

"Raftiehs" rejected at Djeddah and Hodeidah.

Thus a number of "raftiehs mutadâwileh" were rejected by the Custom-houses of Jeddah and Hodeidah, and the merchants in whose favour they had been issued had to pay the import duty again on the arrival of their goods at Ottoman ports on the Red Sea.

Egyptian Custom-houses instructed to cease issuing "Raftiehs Mutadawileh."

In view of the complaints made to him by these merchants, the Director-General of the Egyptian Customs was obliged, after vainly addressing several remonstrances to the Turkish Administration, to instruct the various branches of the Egyptian Customs to abstain from issuing "raftiehs mutadawileh," and in future to inscribe the value and the duties originally collected, even though this would often entail wearisome research and always occasion a considerable loss of time both to the merchants and to the Custom-house.

"Raftiehs" sent to Ports on Red Sea Coast rejected, although containing required details.

Even this did not satisfy the Turkish Administration. Several "raftiehs" for cases of petroleum, on which the value and the amount of duties collected were inscribed, were not absolutely rejected, but the petroleum was subjected to the payment of an additional duty, under the strange pretext that the value of this article on its arrival at the Turkish ports was greater than the price in Egypt, which had served as the basis for the collection of the duties.

Pretext for refusal of "Raftiehs" contrary to the Ruling of the Turkish Administration in similar case.

This pretext was entirely contrary to the ruling of the Turkish Administration in a recent case wherein the Egyptian Customs, having noticed in a Turkish "raftieh" a great discrepancy in price, were led to suspect fraud, and had suspended the acceptance of the same; but when the case was submitted to the said Administration, the reply received was to the effect that it was only natural there should be a difference in price, as otherwise the merchant would have no incentive for taking his goods to be sold in Egypt. Further remonstrances merely elicited a reply that the Ottoman officers were in the right.

Responsibility of Rejection of "Raftiehs" falls upon the Egyptian Customs.

The solution of this difficulty is of all importance to the Egyptian Customs Service, for the reason that in all cases of litigation the merchants prefer to have recourse against the Egyptian Administration, as they find it to their advantage to bring their suits before the Tribunals of Reform rather than to go to law in Turkey.

It must be borne in mind that by virtue of the Treaties all goods having once paid the duties of custom at an Ottoman port can be of right transported to another Ottoman port by means of a "raftieh," or certificate for free entry.

So that if Turkey issues a "raftieh mutadawileh," and if the Egyptian Customs, wishing to avail themselves of the right of reciprocity, refuse to accept it, the merchant holding the same sues this Administration before the Mixed Tribunals for enforcement of its acceptance.

If, on the other hand, the Egyptian Customs deliver a "raftieh" of the same nature, and it is not received in Turkey, the merchant comes back upon them for having granted a worthless document.

Merchants doing business in Egypt prejudiced in their Treaty rights.

In other words, merchants doing business in Egypt are not permitted to purchase goods there for shipment to Turkey unless they submit to the payment of a new duty on the arrival of those goods in a Turkish port, which is contrary to the spirit and letter of the Treaties, which provide, as has been already said above, that European merchandize is to pay the duties of custom once only in the Ottoman dominion, and that payment is to be made at the first port of arrival.

Egypt the Natural Market-place for the Red Sea Ports.

It should also be remarked that if Egypt furnishes European merchandize for the Turkish coasts of the Red Sea, this is only because it is by its geographical position a natural centre or market place for those coasts, and that there is no instance of European goods, intended for Constantinople or Smyrna, for example, passing thither by way of Alexandria or Port Saïd, and there paying the customs duties, to be then forwarded to their ultimate destination with "raftiehs mutadawileh." Every day, however, Turkish "raftiehs mutadawileh" arrive from Constantinople, Smyrna, or Beyrout, which places cannot be considered as centres of trade with Egypt.

Considerations resulting from the foregoing.

The following considerations grow out of what has been said above:—

1. By reason of the Treaties the Egyptian Customs cannot refuse to issue a free "raftieh" to any who may wish to transport European goods to another port of the Empire.

2. It is often difficult to indicate the duties collected, because the goods to which the raftieh has reference may have been cleared through the custom-house at a remote date, and by some one other than the then shipper, which renders the ascertaining of such a detail very difficult, if not wholly impossible, and in the absence of any provision for compelling the exporter to produce evidence of the original payment of the duty, the very fact of the goods being within the country implies that the duty has already been paid.

3. The Turkish Customs cannot refuse, therefore, to accept "raftiehs" delivered by the Egyptian Customs unless these documents are found to be irregular either as to form or as to fact.

4. As regards the form, Turkey, in her strict right, can order that the "raftieh" shall set forth the amount of duty collected and the value of the goods. But in this case all the custom-houses of the Empire ought to observe the same rule.

5. A "raftieh" bearing the mention of the value and of the duties collected cannot be invalidated, nor the goods subjected to an additional duty unless it be ascertained, after due investigation, that the value and the duties inscribed upon the "raftieh" are not founded upon the real facts of the case, but have been lowered for fraudulent purposes.

(Signed) A. CAILLARD,
Director-General of Customs, Egypt.

April 11, 1883.

No. 2.

Memorandum by Mr. Caillard concerning the Introduction of Turkish Tobacco via Greece.

THE importation into Egypt of tobacco coming from Greece ("provenant du Royaume de Grèce"), in accordance with the Decree of the 20th March, 1884, has introduced a new element into the discussion on the "raftieh" system as affecting the Egyptian revenues, and the following question now arises for consideration:—

Should Turkish tobacco be admitted into Egypt without a "raftieh," if it passes through Greece on its way to Egypt?

This question arose in the following manner:—

Immediately after the publication of the Decree authorizing the admission of tobacco coming from Greece, large quantities of tobacco were landed from ships which had been loaded at different ports in Greece. On examination it was reported that some of the tobacco was of Turkish origin; but the terms of the Decree admitting apparently of no doubt, the Egyptian Customs authorities allowed all the tobacco to enter as "provenant de la Grèce."

Among the arrivals were two ships which had been previously cruising about along the coast with the intention of running their cargoes. These ships carried, it was reported, mixed cargoes of Turkish and Greek tobacco, but as they had papers from a Greek port, their tobacco was admitted.

Later on, when one of the importers desired to obtain the usual permit for sending this tobacco into the interior, it was discovered that part of the tobacco produced was of the quality styled "Basma," a fine Turkish tobacco, which is at present subject to a duty of 25 piastres per oke, the Greek tobacco being taxed like the ordinary Turkish, at 5 piastres the oke only.

Here, then, was a new dilemma. If the words "provenant de la Grèce" were to be held to imply that all Turkish tobacco passing through Greece to Egypt should be admitted on payment of the 5 piastres duty, the importers of Basma who bring their tobacco direct from Turkey would pay 25 piastres, while those who have the means of importing via Greece would pay only 5 piastres.

It should here be stated, also, that tobacco exported from Turkey to any European port is not subject to duty on export, while all tobacco exported from Turkey to Egypt pays 10 piastres (Turkish) the oke. Thus, if no duty were levied in Greece

on Turkish tobacco in transit for Egypt, all the tobacco destined for Egypt would naturally take the route via Greece, and the revenue derived by Turkey from this source would cease.

In view of the complications arising out of this position, the case referred to above was submitted to the Legal Adviser of the Customs, and by his advice the "permit" was refused, and instructions were issued at the same time not to admit Turkish tobacco (if proved to be such) coming from Greece until further orders.

One element of difficulty will be removed very shortly by the reduction of the Egyptian tobacco duty to a uniform rate of 5 piastres; but there still remains the question as to how far Egypt is justified in ignoring Regulations which have been hitherto imposed upon her by the Porte in the interest of the Ottoman Treasury only.

From a legal point of view this question is admirably argued in the "note" prepared by Mr Padoa, the Legal Adviser of the Customs, and there is little to be added in the way of argument except, perhaps, to show that the Egyptian revenue would profit largely by the abolition of the "raffich" system.

It has already been stated above that immediately after the publication of the Decree admitting tobacco "provenant de la Grèce," two cargoes were landed at the custom-house in Alexandria, which would otherwise have been smuggled into the country, and it has long been known that the chief cause of tobacco smuggling in Egypt is the necessity under which the regular importer labours of bringing proof of the payment of the Turkish export duty. To avoid this duty—a heavy one—the tobacco is either smuggled out of Turkey and into Egypt direct, or it is exported free of duty, under the pretence of being destined for a European port. In both of these cases the tobacco cannot enter Egypt except in contraband, as Egypt is not allowed to receive it unless proof is produced of the export duty having been paid, Egypt having thus to play, at her own cost, the part of coast-guard for Turkey.

The Turkish duty might be doubled, or even trebled, without increasing the contraband trade in Egypt, provided that the Egyptian duty were maintained at the present moderate rate, and no proof of the payment of the Turkish duty were required on importation into Egypt. The Turkish duty once paid, and it is surely the business of the Porte to take measures to insure its collection; there is no inducement to smuggle into Egypt. None of the contraband tobacco seized in Egypt bears the "plombs" or marks of the Turkish Customs.

It would almost appear that the question has already been settled by the new Convention and Regulations, as two of the Treaty Powers—England and Greece—have adhered to the modifications introduced, and have thereby admitted the right of Egypt to set aside the Turkish Regulations concerning the entry of foreign tobacco, and it now only remains to decide that Turkish tobacco shall be admitted in Egypt without demanding proof that a Turkish duty has been paid thereon.

(Signed) A. CAILLARD,
Director-General of Customs, Egypt.

Alexandria, April 24, 1884.

No. 3.

Note by M. Padoa.

LES Règlements de Turquie indiquant que les tabacs provenant d'un port Ottoman ne peuvent être admis dans un autre port Ottoman que s'ils sont accompagnés de theskérés et revêtus de plomb, sont-ils obligatoires pour l'Égypte?

De même, l'Égypte est-elle tenue d'exécuter les instructions de l'Administration des Contributions Indirectes de Constantinople, où il est dit qu'elle doit repousser les tabacs Turcs provenant de Syra et de Malte, et dépourvus de plombs et de "raffich"?

D'une manière plus générale, l'Égypte peut-elle recevoir les tabacs Turcs sans plombs ni "raffich"?

La question qui comprend toutes les autres est celle de savoir si les Règlements de la Turquie sont, ou non, obligatoires en Égypte. Il va de soi que, s'ils ne le sont pas, peu importera que la Turquie les ait édictés dans tel ou tel intérêt.

L'étude et l'analyse des finances nous fourniront la réponse.

Lorsque Méhémet Aly reçut le Firman d'Investiture, ou plutôt de réintégration, du 13 Février, 1841, il fut bien spécifié, conformément à l'Acte annexe de la Conven-

tion de Londres du 15 Juillet, 1840, que les Traités et lois de l'Empire Ottoman actuels ou futurs s'appliqueraient au Pachalik d'Égypte.

Il y est dit: "Les dispositions salutaires de mon Hatti Chérif de Gulhane, toutes les lois établies ou à établir par ma Sublime Porte, ainsi que tous les Traités conclus ou à conclure entre elle et les Cours amies seront de même exécutés en Égypte."

Cette disposition était même relevée dans la note de la Conférence de Londres, du 13 Mars, 1841, en réponse à la communication du Firman.

Cependant, et dès le 19 Avril, 1841, ce point était de nouveau agité sur une requête de Méhémet Aly, ainsi qu'il résulte du Mémoire adressé à cette date par la Sublime Porte aux Puissances.

Il y est dit: "... quant à ce qui a rapport au système d'administration intérieure qui doit être en vigueur en Égypte, de même que dans les autres parties de l'Empire Ottoman. Comme Méhémet Aly Pacha, dans sa requête susmentionnée, ne paraît pas disposé à l'aborder franchement, et comme d'ailleurs ce point a déjà été arrêté dans l'acte séparé qui fait suite au Traité d'Alliance, pour ne donner lieu à aucun grief de la part des Puissances alliées, contre la Sublime Porte, dans le cas que Méhémet Aly pût se porter, par la suite, à des actes contraires à un point essentiel fondé sur le Traité sus-indiqué, les Ministres de la Sublime Porte ont jugé très important, dans cet état de choses, de réclamer avant tout des explications et des déclarations précises à ce sujet et c'est pour prier Méhémet Aly de vouloir bien les donner de son côté, par écrit, que le présent Mémoire est adressé."

Le nouveau Firman du 1^{er} Juin, 1841, montre l'accord qui s'établit entre la Sublime Porte et Méhémet Aly; il porte: "... Le système de la sécurité des personnes et des biens, de la protection, de l'honneur, et du caractère individuel, principes consacrés par les institutions réformées de mon Hatti Chérif, promulgué à Gulhane, et tous les Traités existants ou à intervenir entre la Sublime Porte et les Puissances amies recevront également leur exécution, sous tous les rapports, dans la Province d'Égypte. Tous les Règlements faits et à faire par la Sublime Porte seront exécutés en Égypte, en tenant compte des circonstances locales, de la justice, et de l'équité..."

Ces derniers termes impliquent, en réalité, le droit de dérogation.

Le 27 Mai, 1866, intervenait le Firman accordant le droit d'hérédité direct.

Le 8 Juin, 1867 (5 Saffer, 1281), le Khédivat était institué. Le Firman porte en outre:—

"... Mon Firman Impérial qui confère à la Vice-Royauté d'Égypte le privilège de l'hérédité directe, stipule en outre que les lois organiques en vigueur dans les différentes parties de mon Empire seront mises en pratique et appliquées en Égypte conformément à la justice, à l'équité, et en prenant en considération les mœurs et le caractère des habitants. Mais par lois organiques il faut entendre les principes généraux proclamés par la Charte de Gulhane (garantie sur la vie, sur les biens, et sur l'honneur). Seulement l'administration intérieure de l'Égypte, par conséquent les intérêts financiers, matériels, et autres du pays ayant été confiés au Gouvernement du Vice-Roi, il a paru nécessaire d'accorder au Gouvernement Égyptien la permission de faire tous les Règlements ou Constitutions qu'il croirait nécessaires dans ce but, sous forme d'actes spéciaux d'administration intérieure."

Ainsi, l'on précise bien ici:—

1. Que les dérogations sont soumises à l'unique restriction de ne pas porter atteinte aux principes fondamentaux sur les garanties de vie, de biens, d'honneur;

2. Et comme corollaire que le droit propre de réglementation du Gouvernement Khédival existe pour tout ce qu'il croit nécessaire en vue des intérêts financiers, matériels, et autres de l'Égypte.

Le 29 Novembre, 1869 (26 Chaban, 1286), nouveau Firman confirmant le maintien exact des privilèges intérieurs accordés à l'Administration Égyptienne et n'apportant de restriction réelle que par rapport aux emprunts à conclure à l'étranger, engageant, pour de longues années, les ressources du pays.

Cette restriction, elle-même, est annulée par le Firman du 10 Septembre, 1872 (7 Regheb, 1289), où l'on accentue encore que par le Firman de 1867, "l'Administration Intérieure de l'Égypte et, par conséquent les intérêts financiers, matériels, et autres ont été dévolus au Gouvernement Égyptien; qu'il a été accordé à ce Gouvernement par la faveur Impériale, tout ce qui se rattache au développement de l'organisation intérieure et du progrès en général." En conséquence, le droit formel de contracter avec l'étranger des emprunts à long terme, sans autorisation, était précisé par Firman distinct du 25 Septembre, 1872 (22 Radjeb, 1289), rappelant que: "l'Administration

matérielle et financière de l'Égypte a été dévolue, en tout et pour tout, au Khédive par les Firmans Impériaux."

Le 8 Juin, 1873 (13 Rabi Akher, 1290), était promulgué un nouveau Firman destiné à réunir et rappeler tous les privilèges accordés successivement et à remplacer ainsi, à l'avenir, tous les autres Firmans Impériaux. Il y est dit: "L'administration civile et financière du pays et tous les intérêts matériels et autres sous tous les rapports, sont du ressort du Gouvernement Égyptien et lui sont confiés et comme l'administration, le bon ordre de tout pays, le développement de la richesse et de la prospérité de la population proviennent de l'harmonie à établir entre les faits, les relations générales, la condition et la nature du pays, ainsi que le caractère et les mœurs des habitants, le Khédive est autorisé à faire des règlements intérieurs et des lois, toutes les fois qu'il sera nécessaire."

Enfin, à l'avènement de Son Altesse Tewfik Pacha intervient le Firman du 7 Août, 1879 (19 Chaban, 1296). Il porte: "Les habitants de l'Égypte étant nos sujets et ne devant comme tels subir en aucun temps la moindre oppression ni actes arbitraires, à cette condition, le Khédivat d'Égypte auquel est confiée l'administration civile et financière du pays aura la faculté d'élaborer et d'établir, d'une manière conforme à la justice, tous règlements et lois intérieurs nécessaires à cet égard."

La conclusion ressort nettement des textes qui viennent d'être rappelés.

Au début: Application en Égypte des Règlements de la Turquie.

Puis, et presque immédiatement, faculté de dérogation selon les besoins locaux.

Puis: indication bien précise que la faculté de dérogation est absolue et ne rencontre d'autre limite que l'observation des grands principes; garantie sur vie, biens, honneur.

Puis; il n'est plus parlé de l'application des Règlements Ottomans. C'est en tout et pour tout et sous tous les rapports que l'administration civile et financière de l'Égypte et tous ses intérêts matériels et autres, sont dévolus au Khédivat; il n'est plus question que des lois à établir par le Gouvernement Égyptien.

Tandis que par rapport au droit de conclure des Conventions douanières et commerciales, le dernier Firman fait encore une réserve au cas "d'atteinte aux Traités politiques et aux droits souverains de l'Empire," il n'en énonce aucune par rapport aux droits d'administration civile et financière du pays; le droit de légiférer est absolu; l'intérêt des habitants d'Égypte est la seule règle; l'unique réserve qu'on pourrait entrevoir ne viserait que le cas où la législation serait oppressive ou arbitraire contre eux.

On peut donc affirmer qu'il n'y a de réglementation valable en Égypte que celle qui y est édictée.

Que les Règlements Ottomans n'y ont de valeur que lorsque le Gouvernement Égyptien se les ont formellement appropriés.

Enfin, et alors même qu'on penserait que le silence du Gouvernement Égyptien peut équivaloir à une appropriation, il est certain que ce Gouvernement est absolument dans son droit lorsqu'il prend une mesure contraire.

C'est là un privilège absolu.

Dire qu'il n'est limité que par l'intérêt des habitants d'Égypte, c'est dire qu'il importe peu qu'il soit opposé à d'autres intérêts.

Ni sous forme d'obligation de police, ni sous aucune autre forme, la Turquie ne peut altérer ou dénaturer indirectement ce privilège, pas plus que l'Égypte ne saurait éluder le paiement du tribut et en diminuer l'importance.

Ces principes étant généraux et absolus on ne voit pas sur quel motif il pourrait y avoir une dérogation spéciale en matière de tabacs. S'il est vrai que par rapport aux étrangers l'Égypte reste liée par les Traités conclus par la Turquie avec les Puissances (sauf son droit, à l'expiration de ces Traités, de conclure elle-même au point de vue douanier et commercial, des Conventions différentes) il est certain, au contraire, que la matière des tabacs est une matière réservée, que sa réglementation rentre dans le pouvoir absolu de la Turquie; que, par suite, cette réglementation appartient au Gouvernement Ottoman, sur le territoire qu'il administre; qu'elle appartient au Khédive pour l'Égypte.

En égard aux considérations qui précèdent j'estime que le Gouvernement Égyptien sera dans son droit en promulguant un Décret pour déclarer qu'il admettra dans ses ports les tabacs Turcs, de quelque point qu'ils viennent, moyennant un simple droit d'entrée et sans aucune condition de plomb, de "raftieh," ni autre.

Y a-t-il à se préoccuper des droits que pourrait revendiquer la Régie co-intéressée des Tabacs de l'Empire Ottoman?

Dire que cette Société est simplement substituée aux droits de la Turquie, c'est dire qu'elle ne peut avoir des droits plus étendus.

La question se trouve donc tranchée par ce qui a été dit à l'égard de la Turquie elle-même.

Les Tribunaux Mixtes d'Égypte seraient-ils compétents sur une action que la Régie viendrait néanmoins à introduire contre le Gouvernement Égyptien?

Les rapports de Gouvernement à Gouvernement ou de Suzerain à vassal ne peuvent être réglés que par action diplomatique. La contestation de la Régie ne pouvant avoir d'autre base que la prétendue violation de droits du Gouvernement Égyptien, vis-à-vis le Gouvernement Ottoman, les Tribunaux ne sauraient en retenir la connaissance. Ces principes d'ordre public dominant, et il serait presque puéril de soutenir qu'ils puissent être atteints par un système de cession ou de substitution et de revendication de sommes.

Il n'y a donc, à aucun point de vue, à redouter une action de la Régie.*

(Signé) ALBERT PADOA.

Caire, le 15 Avril, 1884.

No. 4.

Note by Mr. Caillard on the "Raftieh" question, extracted from a Memorandum presented to the Earl of Dufferin in March 1883.

The Dependence of Egypt on the Sublime Porte a Source of Loss to the Customs Revenues.

IN consequence of this dependence the Egyptian Customs revenues suffer a loss on all imports derived from Ottoman ports. These imports may be divided into three categories:—

- (a.) The produce of Turkey.
- (b.) Foreign goods imported into Turkey in the first instance and then reshipped for Egypt.
- (c.) Tobacco.

(a.) Loss on Turkish produce imported with "Raftiehs."

Upon goods of the first category the Turkish Customs collect an export duty of 8 per cent., and the goods, accompanied by a "raftieh," or certificate of duty paid, must thereupon be admitted into Egypt free.

In like manner all Egyptian produce exported to Turkey pays a duty (8 per cent.) equivalent to the import duty, and is admitted free at the Ottoman ports.

There would thus be no loss to Egypt if the balance of trade were equal; but this is not the fact, as the following figures for 1881 show:—

| | £ | E. |
|--|-----------|----|
| Estimated value of Turkish produce imported into Egypt | 1,755,066 | |
| " " Egyptian produce exported to Turkey | 401,946 | |
| Excess of imports over exports | 1,350,120 | |
| Loss, equal amount of duty on the excess | 97,208 | |

* Nous n'avons pas à nous préoccuper d'un recours éventuel de la Régie contre le Gouvernement Ottoman. Ce Gouvernement fera valoir certainement qu'il n'est pas dans le cas de l'Article XIII, et qu'il n'a garanti aucun minimum d'exportation en Égypte. *A fortiori*, et si la Régie se prévaut d'une sorte d'erreur commune, en ce que le Gouvernement Ottoman et elle-même auraient conclu avec la pensée que l'Égypte restait tenue à l'exécution des règlements, le Gouvernement Ottoman se trouvera en réalité dans une impasse, car il lui faudrait répondre qu'il n'y a pas eu erreur, étant de droit public que l'Égypte pouvait créer des réglementations contraires et il est peu à présumer qu'il se décide à ce système.

Il n'y a pas non plus à porter la question sur les détails; on peut cependant rappeler que l'Égypte n'a jamais payé à la Turquie les droits perçus à la suite d'une irrégularité de plombage; que si la Turquie a pu, à quelques occasions formuler à cet égard quelques réserves, ce dont nous ne sommes pas certains, ce sera resté à l'état de lettre-morte. Comme aussi, en ce qui touche plus spécialement aux instructions de l'Administration des Contributions Indirectes prescrivant de repousser les tabacs Turcs, venant de Syra ou Malte, sans plomb ni "raftieh" et de les confisquer au besoin; il est à noter que, lorsque la confiscation a eu lieu dans ce cas, le produit des tabacs a toujours appartenu à l'Égypte; l'amende a été celle du double droit d'octroi, elle est restée acquise à l'Égypte, la tout en vertu de décisions du Gouvernement Khédival, n'ayant provoqué aucune observation de la part du Gouvernement Ottoman.

(b.) *Loss on Foreign Goods imported into Turkey and reshipped to Egypt with "Raftiehs."*

In addition to the large quantities of Turkish produce thus admitted free of duty into Egypt, great numbers of foreign articles are yearly taken to Turkey, where the import duty is paid upon them, and they are then forwarded to Egypt with "raftiehs" and allowed free entry.

This system, also, is reciprocal in principle; it is, however, seldom availed of in Egypt, the Egyptian "raftieh" being generally disallowed by the Turkish Customs, while in the opposite direction the nature of the traffic is such as to point to serious abuses, if not to fraud.

Examination, &c., of "Raftiehs" entails Loss of Time and Expense.

The examination and translation of the numerous Turkish "raftiehs," and the issuing of the Egyptian "raftiehs," occupies much valuable time, and considerable expense is incurred, a number of employes being specially engaged in this work.

(c.) *Loss on Tobacco under the "Raftieh" System.*

The importation or exportation of tobacco is not regulated by the Treaties, the Ottoman Government having reserved to itself the right to regulate the traffic in this article within the Turkish dominions.

Turkish tobacco alone is allowed to be imported into Egypt,* and an octroi duty, at a rate fixed by the Egyptian Government, is collected on entry. It is required, however, that a "raftieh" be produced in proof of the payment of the Turkish export duty. This duty, added to the Egyptian octroi duty, so burdens this article that smuggling is lucrative, and is therefore carried on on a large scale.

An attempt made to render this smuggling unprofitable, by reducing the rate of the Egyptian octroi duty, for the reason that as soon as Egypt reduced its charge the Porte increased the rate of export duty.

The exclusion of all foreign tobacco (other than Turkish) is also one of the chief causes of smuggling, Greek tobacco being largely consumed in Egypt.

The coast-guard service, as at present organized, is wholly inefficient, but under the circumstances detailed above the additional expense necessary to render it efficient would be incurred merely in the interests of the Ottoman Treasury.

The Egyptian octroi duty on tobacco is already very low (5 piastres tariff the oke, or about 4½d. per lb.), and if this were all, smuggling would become unprofitable.

The annual loss to Egypt owing to these restrictions on tobacco imports may be estimated at from £ E. 50,000 to £ E. 60,000.

Combined Loss owing to existing Restrictions.

The combined annual losses to the Egyptian revenue from the causes referred to above may be roughly set down at nearly £ E. 200,000 (200,000l.), equivalent to more than a fourth of the present total Customs revenue.

In addition to the material gain to be derived from the suppression of these restrictions, great weight should be given to the cessation of vexatious formalities and the constant litigation arising therefrom.

It should also be pointed out that besides the annual loss of £ E. 200,000 suffered by the Egyptian Treasury, the levying of a duty of 10 piastres per oke on the tobacco exported to Egypt, combined with the prohibition to import any other tobacco, really implies the taxing of the Egyptian consumers to the extent of the revenue derived from this duty (in about £ E. 150,000).

No. 5.

The Law Officers of the Crown and Dr. Deane to Earl Cranville.—(Received May 30.)

My Lord,

Temple, May 29, 1883.

WE were honoured with your Lordship's commands signified in Sir Julian Pauncefote's letter of the 1st instant, stating that he had the honour to transmit to us,

* Cigars, chewing tobacco, and snuff, are admitted on payment of special duties; and Greek tobacco is now admitted under the new Convention with Greece (March 1884).

by your Lordship's direction, the papers noted in the accompanying list,* which related to certain proposals made in 1881 by the late British and French Controllers-General in Egypt for the admission of tobacco from all countries on payment of a very low and, if possible, uniform rate of duty.

That it was estimated that those proposals, if carried out, would result in a large increase of the revenue of Egypt, and that that question, which was suspended for a time owing to the military rebellion, was now once more under consideration.

That Sir Julian Pauncefote was, in the first place, to invite our attention to the "Projet de Note" (A) prepared by the Controllers, which dealt with the various points arising in the case under the following headings:—

1. The existing régime, under which the importation of tobacco into Egypt was regulated, and the system of "raftiehs."

2. The right of the Khedive to regulate the import, export, sale, and consumption of tobacco for the benefit of the Egyptian Exchequer without being bound to carry out the Turkish Regulations respecting tobacco duties.

3. The right of the Khedive to conclude Commercial Treaties directly with foreign Powers.

That the Memorandum of the Controllers stated that before the date of the Commercial Treaties concluded in 1861 by the Porte with foreign Powers the importation of foreign tobacco into the Ottoman dominions was not prohibited. That the Turkish Government, however, determined to impose a heavy excise duty on tobacco, and in order the better to protect that revenue arranged by those Treaties that tobacco should be excepted from the articles which might be imported into the Turkish Empire, including Egypt, which thus became dependent for its supply on Egyptian or Ottoman-grown tobacco.

That it appeared that the Ottoman excise duty in question was protected by a Regulation to the effect that no tobacco might be moved from one part of the Empire to another unless accompanied by a "raftieh," or receipt for the duty, and the Egyptian Administration had hitherto refused to permit tobacco to be brought into the country unless accompanied by the "raftieh." That on entering Egypt a further duty was levied for the exclusive benefit of the Khedive's Treasury.

That those two duties constituted a duty so heavy as to encourage smuggling, which was also favoured by the Egyptian coasts being of such a nature as to be difficult to guard.

That the Memorandum proceeded to urge the cessation of any further expenditure on the preventive service.

That it pointed out that the large sums already spent by Egypt in the preventive service were spent in a great measure for the advantage of the Ottoman Treasury by preventing the admission into Egypt of tobacco which had not paid the Turkish excise duty and so obtained the "raftieh." That it suggested that Egypt, being now administratively independent, and having her own financial organization separate from that of Turkey, was under no obligation to assist Turkey in collecting those dues, and that the Egyptian Government having, in their opinion, the right to regulate the importation of tobacco into Egypt in such manner as might be most beneficial to the country and its revenues, would do best to permit the importation of all tobacco, Ottoman or otherwise, at such low rate of duty as would effectually remove any incentive to smuggling. That it proposed, therefore, that the Khedive should issue a Decree regulating the importation of tobacco in the manner desired.

That, so far as Her Majesty's Government were directly concerned, the only question raised would seem to be that arising under the XIVth Article of the Treaty with Turkey of the 29th April, 1861, which, by the express stipulation of the XXth Article, was binding on the Government of Egypt. That by the former Article Her Majesty's Government consented that tobacco, the produce or manufacture of Her Majesty's dominions, should be excluded from Turkey, and that Her Majesty's subjects should be prohibited from importing any tobacco at all into that Empire.

That it would seem evident that although the Sultan had no power to alter the terms of the Treaty of 1861 by municipal legislation in a manner which would be injurious to British interests, yet that if he were by such legislation to restore to Her Majesty's subjects and to the produce of Her Majesty's dominions the privileges of which they were respectively deprived by consent in 1861, that act, although constituting an alteration of the Treaty, would be one to the advantage of Great

* Mr. Mulet No. 21, April 25, 1881, and Memorandum thereon; S. E. Hertslet of June 22, 1881; Lord Dufferin, No. 40, Commercial, December 11, 1882; Memorandum by Sir E. Hertslet, March 30, 1883; Firmus 1841-1879, Confidential No. 4747.

Britain, and one to which Her Majesty's Government would of course offer no objection; but that a similar action on the part of the Khedive with regard to the introduction of foreign tobacco into Egypt would in all probability be objected to by Turkey as diminishing the consumption of Turkish tobacco, and diminishing proportionately the revenue derived by Turkey from the excise. That a question was thus raised as to how far the Egyptian Government had the right to take the action proposed in the Memorandum of the Controllers if it were opposed by the Porte.

That the authority of the Khedive was derived from the Firmans granted from time to time to the various Rulers of Egypt, and that the Firman of the 2nd August, 1879, contained the following words:—

"Tous les impôts de cette province seront perçus en mon nom. Les habitants d'Égypte étant de mes sujets et ne devant comme tels subir la moindre oppression ni acte arbitraire à cette condition, le Khédivat d'Égypte, auquel est confiée l'administration civile, financière, et judiciaire du pays, aura la faculté d'élaborer et d'établir d'une manière conforme à la justice, tous règlements et lois intérieurs nécessaires à cet égard."

That it would indeed seem that that Firman gave to the Khedive as full authority to alter the Customs Laws in Egypt as the Sultan possessed in other parts of the Ottoman Empire.

That by the same Firman the Khedive was authorized in the following words to conclude Commercial Conventions with foreign Powers:—

"Le Khédivé sera autorisé à contracter et à renouveler, sans porter atteinte aux Traités politiques de mon Gouvernement Impérial ni à ses droits souverains sur ce pays, les Conventions avec les Agents des Puissances étrangères pour les Douanes et le commerce et pour toutes les transactions avec les étrangers concernant les affaires intérieures, et cela dans le but de développer le commerce, l'industrie, et l'agriculture, et de régler la police des étrangers et tous leurs rapports avec le Gouvernement et la population. Ces Conventions seront communiquées à ma Sublime Porte avant leur promulgation par le Khédivé."

That it would thus appear that the Khedive was entitled to enter into an international arrangement with that and other countries putting the tobacco trade of Egypt on the desired footing, and in view of the above authority contained in the Firman, it was difficult to see how the Porte could object to the proceeding.

That the following questions arose:—

1. Whether it was competent for the Khedive, under the Imperial Firmans and in view of the Treaty of 1861, to abandon without the authority of the Porte the existing Regulations concerning the collection of the Turkish duty on Turkish tobacco imported into Egypt, and substitute new customs duties to and Regulations respecting tobacco?

2. Whether it was competent to the Khedive without the assent of the Porte to conclude Treaties with foreign Powers for the admission of foreign tobacco into Egypt at such rates of duty as might be stipulated therein?

3. Whether it was competent to the Khedive, without the assent of the Porte, to carry out the proposals suggested in the Memorandum of the Controllers by a legislative Decree only?

That Sir Julian Pauncefote was to request that we would take the papers into our consideration, and that we would favour your Lordship with our opinion on the questions submitted, and with any general observations which we might have to offer on the case.

In obedience to your Lordship's commands we have the honour to report—

That in considering the matters submitted to us two questions must, we think, be kept entirely distinct, viz., the question of the obligations of the Egyptian Government in relation to the importation of Turkish tobacco, whether it is bound to insist on the production of "raftiehs," or can refuse any longer to do so, and the question whether it is competent for that Government to sanction the importation of other tobacco, either free or on such terms as it may impose.

We will deal with the latter question first.

Apart from such power as the Egyptian Government may possess of entering into Commercial Treaties, we do not think it is within its competency to interfere with the provisions of the Treaty of 1861. That Treaty is made applicable to Egypt, and must be looked at as a whole. By that Treaty the import of tobacco into Egypt by British subjects is forbidden, and we do not think the Government of that country could by mere device relax that prohibition. We think the Porte might take well-founded objections to such a course. But the Firmans certainly appear to give very extensive

powers to the Egyptian Government of making commercial arrangements with foreign Powers. And it appears to us that that Government might enter into a new Commercial Treaty with this country in substitution, so far as Egypt is concerned, for the existing Treaty of Commerce, and that one of the Articles of such Treaty might provide for the admission of tobacco imported by British subjects on any terms that might be agreed upon.

The question whether the Egyptian Government is bound to insist upon the production of "raftiehs" in the case of tobacco imported from Turkey has no connection with the Commercial Treaties existing between the Porte and foreign Powers, and it would not be affected by any fresh commercial arrangements which Egypt might make. It depends entirely upon the relation in which that country stands to the Porte, and the obligations which she has either taken upon herself or which arise out of that relation.

We observe that in the Vizirial letter of the 31st March, 1881, which is set out in the Memorandum of the Controllers, the following passage occurs in relation to the seizure of certain tobacco at Port Saïd:—

"La saisie opérée à Port-Saïd étant en parfaite convenance avec la promesse du Gouvernement Khédivial de ne pas tolérer aucun acte contraire aux dispositions des Traités et Règlements en vigueur . . . le Ministre des Finances demande qu'avis soit donné au Gouvernement Égyptien de ne pas se dessaisir au profit de leurs propriétaires des tabacs dont il s'agit ou de toutes autres marchandises similaires pour lesquelles des pièces officielles constatant l'acquittement des droits à Constantinople ne seraient pas exhibées."

It is to be noted that the Turkish Minister here relies upon some promise of the Government of the Khedive not to tolerate any act contrary to the Treaties and Regulations in force, and by implication alleges that there results from them the obligation to seize and hold tobacco imported without the production of "raftiehs." We feel that we are hardly in a position to advise how far Egypt is under obligations to the Porte in respect of this matter without some further information as to the foundation upon which the practice which has been pursued by the Egyptian Government rested, what are the "Traités et Règlements" referred to in the Vizirial letter, and what undertakings have been given by Egypt to the Porte. It certainly seems open to grave objection that the Egyptian Government should be compelled to be at great expense to prevent the Turkish fiscal laws being evaded, and looking at the complete financial and administrative control which has been accorded to Egypt, it seems unreasonable that she should incur such expense, from which her resources derive no benefit.

But it must be borne in mind that the Government of Egypt has rendered this service down to the present time without objection, and that the very delicate questions of the relation in which Egypt stands towards the Porte, and the duties she owes her, appear to be involved in considering the matters submitted to us.

We have, &c.

(Signed)

HENRY JAMES.
FARRER HERSCHELL.
J. PARKER DEANE.

The Law Officers of the Crown and Dr. Deane to Earl Granville.—(Received November 22.)

[After recapitulation of the following Reference, they report as on p. 15.]

Sir J. Pouncefote to the Law Officers of the Crown and Dr. Deane.

Gentlemen,

Foreign Office, August 27, 1883.

I HAVE the honour to transmit to you, by direction of the Secretary of State, the papers noted in the accompanying list,* which relate to the question whether the right claimed by the Sultan of Turkey to control any arrangement which the Khedive of Egypt may make with the Suez Canal Company, or with any other Company or person, in relation to that Canal, or to any new Canal uniting the Mediterranean with the Red Sea, still exists, or has ceased by reason of the powers accorded to the Khedives of Egypt by the Firmans of 1866, 1867, 1873, and 1879.

The Suez Canal Company is established under Concessions granted to M. de Lesseps by the Viceroy of Egypt in 1854, 1856 (to which the sanction and ratification of the Sultan was expressly required), and under the Convention of the 22nd February, 1866, between the Viceroy and the Company, which recites the two Concessions, and which was ratified and confirmed by a Firman of the Sultan dated the 19th March, 1866. ("Egypt No. 6, 1876," pp. 1, 4, and 34.)

M. de Lesseps also obtained from the Viceroy a Concession for the construction of Fresh-water Canals and extensive grants of land.

The following are the circumstances which led to the Convention of 1866:—

On the 6th April, 1863, the Turkish Government addressed a note to the Courts of London and Paris, objecting to some of the terms of the Concessions granted to M. de Lesseps.

It considered the Concession of the Fresh-water Canals and of the lands adjacent thereto a menace to its independence, and the stipulations for the providing of native workmen by forced labour a contravention of the laws of the Ottoman Empire, and it therefore declared its opposition to the continuance of the work of making the Canal. Copies of that note and of its inclosure are transmitted herewith. (Paper 6.)

The same notification was made to the Viceroy, who, submitting himself to the authority of his Sovereign, accredited Nubar Pasha to come to an understanding with the Suez Canal Company on certain propositions to be submitted. ("Egypt No. 5, 1876," p. 34.)

The Council of Administration of the Company rejected the propositions, and the Viceroy thereupon wrote to the Emperor Napoleon, begging him to pronounce on the questions pending between the Egyptian Government and the Company.

The Emperor accepted the reference, and appointed a Commission to make a preliminary examination into the questions in dispute. The parties appeared before the Commission and adopted and signed a submission to arbitration. ("Egypt No. 6, 1876," p. 22.)

The questions submitted related to (1) the employment of Egyptian workmen; (2) the Fresh-water Canals; (3) lands; (4) compensation to be allowed to the Company on the withdrawal of the advantages granted and Concessions made.

By the Award of the Emperor it was decided that an indemnity should be paid to the Company for the discontinuance of the forced employment of Egyptian workmen, and that the Fresh-water Canal and certain lands should be retroceded by the Company to the Viceroy, for which retrocession a further indemnity should be paid by the Viceroy to the Company.

The total sum awarded by the Emperor to the Company was 84,000,000 fr.

* 1. "Egypt No. 5 (1876)" Parliamentary No. 1760.

2. "Egypt No. 6 (1876)," Parliamentary No. 1761.

3. Printed Collection of Firmans, 1841-1879. Confidential No. 4747.

4. Correspondence relating to the Revocation of the Firman of 1873 and the issue of the Firman of 1879. Confidential Nos. 4031 and 4115.

5. Note from Musurus Pasha, July 16, 1883.

6. Turkish note of April 6, 1863, and inclosure.

7. Memorandum by Sir E. Heitsch on Lighthouses in the Red Sea. Confidential No. 4210.

8. Correspondence relating to Suez Canal Dues, "Commercial No. 19 (1874)." Parliamentary No. 1645.

9. Memorandum on Paper laid before Parliament since 1876 relating to the Suez Canal. Confidential No. 4822.

("Egypt No. 6, 1876," pp. 22, 32), and an Agreement was come to with the Egyptian Government in execution of the Emperor's Award. This Agreement is dated the 22nd February, 1866. (Egypt No. 5, 1876," p. 36, and "No. 6, 1876," p. 31.)

On the 19th March, 1866, the Sultan issued his Firman ("Egypt No. 6, 1876," p. 44) confirming this Agreement and granting his authorization for the execution of the Canal by the Company on the conditions prescribed in the Agreement.

At that time no question arose as to the rights of the Porte in relation to the Suez Canal, on the grounds stated in the Turkish note of the 6th April, 1863 (Paper 6.)

The powers granted to the Khedive of Egypt will be found in the accompanying printed collection of Firmans issued between 1841 and 1879. These Firmans, as observed by M. Waddington when French Minister for Foreign Affairs in 1879, constitute the Charter of Egypt. (Correspondence, Paper 1, p. 150, No. 715.) The Firman granted to Mehemet Ali in 1811 was an International Act, inasmuch as it was issued under the auspices of the Great Powers, and it has been contended by the British and French Governments that the Firmans now in force have also an international character.

It will be observed that the Firmans of 1841 were very restrictive as regards the powers of government intrusted to the Khedives. But in 1866 Ismaïl Pasha agreed to raise the yearly tribute of Egypt to the Porte from 80,000 purses to 150,000 purses, that is to say, from about 376,000*l.* to 720,000*l.*, and thereby obtained a modification in the order of succession, and other important advantages. The privilege of hereditary succession was accorded to him by the Firman of the 27th May, 1866 (Firmans, p. 21), and, by the Firman of the 8th June, 1867 (Firmans, p. 25), the internal administration of Egypt was confided to him in terms which (to use once more the language of M. Waddington) amount to "legislative, administrative, and financial autonomy" (Correspondence, Paper 1, p. 473, No. 776, and p. 535, No. 891). This fact is recited in the subsequent Firman of the 10th September, 1872 (Firmans, p. 27), in the following terms: "Par notre Firman Impérial en date du 5 Safer, 1281 (8th June, 1867), l'administration intérieure de l'Égypte et par conséquent ses intérêts financiers, matériels, et autres sont dévolus au Gouvernement Égyptien. Notre faveur Impériale lui a accordé tout ce qui se rattache au développement de l'organisation intérieure et du progrès en général."

The next Firman, dated the 25th September, 1872 (Firmans, p. 28), states that the "administration matérielle et financière de l'Égypte" had, by virtue of previous Firmans, devolved on the Khedive "en tout et pour tout," and it authorizes him to contract loans without the authority of the Sultan.

On the 8th June, 1873, the Sultan granted to Ismaïl Pasha a new Firman purporting to supersede previous Firmans by uniting them all in one instrument. (Firmans, p. 29.) This document contains two paragraphs concerning the Khedive's powers of government which have an important bearing on the question under consideration. They are as follows:—

"J'attache la plus grande importance à la prospérité de l'Égypte, au bien-être, à la tranquillité, et à la sécurité de sa population, et comme ce sont des objets qui reposent sur l'administration civile et financière du pays, ainsi que sur le développement des intérêts matériels et autres du pays qui sont du ressort du Gouvernement Égyptien, nous mentionnons comme suit, en les modifiant et les élucidant, tous les privilèges que mon Firman Impérial, soit anciennement, soit à nouveau, à accordés au Gouvernement Égyptien pour qu'ils soient possédés à toujours par les Khédives qui se succéderont.

L'administration civile et financière du pays et tous les intérêts, matériels et autres, sous tous les rapports, sont du ressort du Gouvernement Égyptien, et lui sont confiés, et comme l'administration, le bon ordre de tout pays, le développement de la richesse, et de la prospérité de la population proviennent de l'harmonie à établir entre les faits, les relations générales, la condition et la nature du pays, ainsi que le caractère et les mœurs des habitants, le Khédive d'Égypte est autorisé à faire des règlements intérieurs et des lois toutes les fois qu'il sera nécessaire."

It will be observed that this Firman also conferred upon the Khedive the right of concluding Conventions with foreign Powers, provided they did not clash with the political Treaties made by the Sublime Porte, and of maintaining armies.

In 1879 the affairs of Egypt were in so ruinous a condition owing to the maladministration of Ismaïl Pasha that the British and French Governments arrived at the conclusion that the removal of the Khedive had become a necessity. While measures to procure his abdication were under consideration, the Sultan, without

previous communication with the Powers, suddenly deposed Ismaïl Pasha, appointed his son Tewfik Pasha to the Khedivate, restored the ancient Turkish order of succession, and revoked the Firman of 1873, and thereby all the Firmans issued since 1841. This step was taken by the Sultan in pursuance of a Report of his Ministers (Ibid., p. 513, No. 909), and was communicated to Her Majesty's Government by the Turkish Ambassador on the 26th June, 1879, with a copy of his telegraphic instructions. (Ibid., p. 441, No. 695.)

This communication, which was also made to the French Government was received with great displeasure. The British and French Governments disputed the right of the Sultan to revoke, *proprio motu*, the Firman of 1873, which had been obtained at the cost of great pecuniary sacrifices, and had been communicated officially to all the Powers. They objected to a return to the ancient order of succession; they viewed the act of the Sultan as an attempt to resume the administrative control of Egypt, and they determined that the revocation of the Firman of 1873 should be annulled, or that a new Firman should be issued, of which the draft should be previously communicated to and approved by them, and which should contain all the essential points of the Firman of 1873, except as regards the maintenance of unlimited military and naval forces.

It was found impracticable to annul the revocation of the Firman of 1873 (Ibid., p. 490, No. 807), and long negotiations ensued as to the terms of the new Firman, the result of which was communicated to Her Majesty's Government in Sir H. Layard's despatch No. 693 of the 3rd August, 1879 (Ibid., p. 623, No. 1037), together with a copy of the new Firman agreed upon, and of the explanatory declarations annexed thereto.

The Firman bears date the 2nd August, 1879 (Firmans, p. 33), and its substance was telegraphed to Her Majesty's Ambassadors at Berlin, Rome, and Vienna, in the following terms:—

1. Present succession rule maintained.
2. No further loans permitted.
3. No armaments above number sanctioned in 1841.
4. All Conventions to be communicated to Porte before promulgation.
5. No territory to be alienated or prerogatives of Khedive given up to a third Power.

Otherwise former privileges confirmed. (Ibid., Paper 4, p. 591, No. 980.)

But in the notes annexed to the Firman it is expressly declared, as regards the non-alienation of privileges or of territory, that "le présent Firman ne restreint en rien, sauf ce qui y est expressément relaté, les droits, privilèges, et prérogatives précédemment et personnellement accordés aux Khédives d'Égypte;" and as regards Conventions, it is provided that the sanction of the Porte is not required previously to their being promulgated and put in force.

It will be seen, therefore, that subject to the express restrictions contained in the Firman of 1879, the full powers of Government granted to Ismaïl Pasha by the Firman of 1873 are still vested in the present Khedive.

I am now to invite your attention to the accompanying copy of a note from the Turkish Ambassador at this Court, forwarding copy of a note from the Sublime Porte referring to the recent negotiations between Her Majesty's Government and the Suez Canal Company.

In this communication it is alleged that any modification or extension of the privileges accorded to M. de Lesseps must receive the assent of His Majesty the Sultan before taking effect.

The question therefore arises, whether the claim now put forward by the Porte, and which Her Majesty's Government fully admitted in 1863, is compatible with the larger powers of internal administration and government which have since been conferred by the Sultan on the Khedives of Egypt; and, in relation to that question, I am to draw your attention to the considerations of national safety and Imperial policy set forth in the Turkish note of the 6th April, 1863, and particularly in its inclosure, on which at that time the claim of the Porte to exercise a control over the construction of canals, railroads, and other works of that character in Egypt was based.

I am also to refer you to a Memorandum by Sir E. Hertslet, in relation to the construction of lighthouses in the Red Sea. (Paper 7.)

I am, further, to point out that in the correspondence relating to the Suez Canal dues (Paper 8) it appears clearly throughout the controversy which arose respecting the dues, and which continued from 1872 to 1876, that the supreme authority of the

Sultan over the subject-matter in dispute was recognized by all parties (see Parliamentary Papers 13, 15, 16, 20, 22, 23, 24, 42, 49, 55, 67, 71, 122, 123, 124, 140, 154, 155, 156, 158; and Lord Derby's despatch to Sir H. Elliot of the 7th July, p. 163).

It is presumed that the clause in the Firman of 1879 against the alienation of territory applies only to the case of alienation to a third Power, as stated in the telegraphic summary above referred to. (Ibid., Paper 4, p. 591.)

I am to request that you will take the papers transmitted herewith into your consideration, and that you will favour Earl Granville with your opinion on the questions submitted in this letter, and with any general observations which you may have to offer on the case.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

[After recapitulation of the above Reference, the Law Officers report as follows:—]

In obedience to your Lordship's commands we have the honour to report—

That we do not think the claim of the Porte that any modification or extension of the privileges accorded to M. de Lesseps must receive the assent of the Sultan before taking effect is well founded.

The question turns upon the construction of the Firman of 1879, and the extent of the independent power which by that instrument is conferred upon the Khedive.

The civil and financial administration of the country is thereby intrusted to the Khedive, and he is empowered to make all necessary laws and regulations in relation thereto. Beyond this, he is enabled to make Conventions with the Agents of foreign Powers for all that concerns the internal affairs of the country, with the view of developing its commerce, industry, and agriculture.

It seems almost impossible to contend that a modification or extension of the privileges of M. de Lesseps and the Canal Company, having for its object the improvement of the navigation through the Isthmus of Suez, would be in excess of such large powers as these.

The only limitation upon these powers which it is necessary to consider is to be found in the provision of the Firman, which forbids the Khedive to abandon to others, in whole or in part, the privileges accorded to Egypt, which are intrusted to him, or any part of his territory.

It would seem that this restriction was insisted upon by Carathéodory Pasha, "as on more than one occasion the late Khedive was about to make over a large portion of his territory, and even the management of his army, to a foreign Company without consulting the Porte." (See Sir A. H. Layard to Lord Salisbury of the 21st July, 1879, p. 583.)

It appears to us that it would be no breach of the provision of the Firman now under consideration if the Khedive granted a Concession to a Company empowering them to construct or improve a canal, railway, or other work of public utility, even though the Concession should involve the grant of the use of land belonging to him within his territory, provided that the sovereignty of the Khedive were preserved over any part of his territory so used, and none of his sovereign rights were parted with. For it is only if his sovereignty were thus parted with that we think that he could be said to "abandonner à d'autres . . . aucune partie du territoire."

At the same time, if a grant were made to a foreign Company of vast tracts of land beyond what was essential for the public work authorized (as was the case in the original Suez Canal Concession), so that the sovereignty of the Khedive over such territory would be practically, even though not nominally, interfered with, we are by no means prepared to say that the Sultan might not with good ground insist that the Khedive had exceeded his powers.

Our opinion is therefore limited to the case of a Concession for an industrial undertaking of an ordinary description to hold and make use of land, and does not extend to a grant open to the objections above pointed out.

We may observe that the position with respect to the question before us is considerably embarrassed by what took place between 1872 and 1876 in relation to the Suez Canal dues. The authority of the Sultan over the subject-matter in dispute was recognized by all parties, and yet, under the Firman then existing, the independent power and authority which had been granted to the Khedive did not differ substantially from that now possessed by him.

The Government of the Sultan will no doubt rely strongly upon this circumstance. Probably the best explanation may be that the Suez Canal Concession having emanated from the sovereign authority of the Sultan, without which it could not at that time have been obtained, it was natural to appeal to him in an international controversy concerning the rights arising out of it.

We have, &c.
(Signed) HENRY JAMES.
FARRER HERSCHELL.
J. PARKER DEANE.

Royal Courts of Justice, November 21, 1883.

Note by the Lord Chancellor.

I cannot help thinking that this is a question which must be considered rather with reference to the terms of any particular Concession which the Egyptian Government may be disposed to grant to the Suez or any other Company than in an abstract way.

I should certainly agree with the Law Officers in rejecting as preposterous the claim of the Sultan to a veto on any additional grant of land for the enlargement or improvement of the present Canal which left untouched the present territorial sovereignty both of the Sultan as the paramount power and of the Khedive as exercising the rights of internal government and administration under the Firmans.

(Signed) SELBORNE.
30, Portland Place, W.

No. 7.

The Law Officers of the Crown and Dr. Deane to Earl Granville. — (Received December 15.)

[After recapitulating the following Reference, the Law Officers report as on p. 18.]

Sir J. Pauncefoot to the Law Officers of the Crown and Dr. Deane.

Gentlemen,

Foreign Office, November 25, 1883.

I HAVE the honour to transmit to you, by direction of the Secretary of State, the papers noted in the accompanying list,* which relate to the question of the right of the Khedive of Egypt to enter into Conventions with foreign Powers respecting the admission of tobacco into Egypt at a low and uniform rate of duty, and to invite your attention to a question which has been raised in connection with this subject, and which was not submitted for your consideration in my letter of the 1st May last.

In your Report above referred to you advised that in view of the very extensive powers given to the Khedive by the Imperial Firmans† of making commercial arrangements with foreign Powers, it was competent to the Egyptian Government to enter into a new Commercial Treaty with this country, in substitution, so far as Egypt is concerned, for the Treaty of Commerce between Great Britain and the Porte of 1861, and that one of the Articles of such Treaty might provide for the admission of tobacco imported by British subjects on any terms that might be agreed upon. You also referred to the Vizirial letter of the 31st March, 1881, from which it would appear that some promise had been given by the Government of the Khedive not to tolerate any act contrary to the Treaties and Regulations in force. Lord Granville gathers from your observations on that document that, in your opinion, the promise therein referred to only affects the question, whether the Khedive is bound to insist on the production of "raffiahs" on the importation of Turkish tobacco, or can refuse to do so any longer, but that it has no bearing on the main question of the power of the Khedive to enter into Conventions with foreign Powers in relation to the importation of tobacco into Egypt.

The question which has now presented itself is whether Great Britain is precluded

* To Law Officers, May 1; Law Officers, May 29; to Law Officers, August 27. Memorandum by Sir E. Hertslet on Egyptian Tobacco Convention November 15, 1883.

† Firmans, 1841-79, Confidential No. 1747.

from entering into such a Convention with the Khedive by the provision contained in the Treaties between the Porte and foreign Powers against the importation of tobacco, in any shape whatever, into any part of the Ottoman dominions.

Article XIV of the British Treaty of 1861* is as follows:—

"ARTICLE XIV.

"An exception to the stipulations laid down in the Vth Article shall be made in regard to tobacco, in any shape whatsoever, and also in regard to salt, which two articles shall cease to be included among those which the subjects of Her Britannic Majesty are permitted to import into the Ottoman dominions.

"British subjects, however, or their agents, buying or selling tobacco or salt for consumption in Turkey, shall be subject to the same Regulations, and shall pay the same duties, as the most favoured Ottoman subjects trading in the two articles aforesaid; and furthermore, as a compensation for the prohibition of the two articles above mentioned, no duty whatsoever shall in future be levied on those articles when exported from Turkey by the subjects of Her Britannic Majesty.

"British subjects shall, nevertheless, be bound to declare the quantity of tobacco and salt thus exported to the proper Custom-house authorities, who shall, as heretofore, have the right to watch over the export of these articles, without thereby being entitled to levy any tax thereon on any pretence whatsoever."

That Treaty has recently expired, and, pending the conclusion of a new one, Her Majesty's Government have claimed for British trade most-favoured-nation treatment under the Capitulations.

But all the existing Treaties between the Porte and foreign Powers concluded since the date of the British Treaty of 1861 contain stipulations in relation to tobacco similar to those of Article XIV of that Treaty.

Tobacco does not appear in the Tariff of Imports in the Treaties between the Porte and foreign Powers, but its importation into any part of the Ottoman dominions is by the terms of those Treaties absolutely prohibited; and in consideration of this prohibition, and by way of compensation, the exportation of tobacco from Turkey to other countries is permitted free of duty.

It appears, however, that this prohibition has been modified as regards cigars, snuff, &c., by a Regulation of the Porte, referred to in the inclosed Memorandum by Sir E. Hertslet.

Subject, however, to that Regulation, tobacco is an article of trade which, like salt, has been reserved as an Imperial monopoly under the Treaties of the Porte, and it may be urged that foreign Powers, having bound themselves by those Treaties not to import tobacco into Egypt, cannot enter into a Convention with the Khedive for that object without committing a breach of their engagement towards the Porte, which must necessarily entail severe loss on the Turkish revenue.

On the other hand, it must be borne in mind that the Firmans of 1873 and 1879, the latter of which was issued in communication and agreement with Great Britain and France, grant to the Khedive the most ample powers with respect to the conclusion of Commercial Conventions, and that no reservation whatever can be found therein with respect to tobacco.

As regards the powers of the present Khedive under the Firman of 1879, I am to invite your attention to the inclosed printed copy of a Reference addressed to you in the month of August last, which deals with the rights of the Sultan in relation to the Suez Canal, and in which a brief account is given of the negotiations which preceded the issue of that Firman. It is there shown that all the powers which were granted by previous Firmans are now vested in the present Khedive; and in relation to the particular question now under consideration, I am to refer to the following extract from the Firman addressed to Ismail Pasha, dated the 8th June, 1867:—

"In like manner, whilst all the Treaties of the Sublime Porte must be respected in Egypt, an exception is made only as regards the customs duties, and as regards foreigners in matters relating to the police, postal, and transit services, for which full powers are given to thee to enter into special arrangements with foreign agents. But such arrangements must not take the form of Treaties or Conventions having any political signification or purport."

That Firman proceeds to declare that where any doubts arise as to such commercial arrangements being opposed to the sovereign rights of the Sultan, or to the principles therein laid down, the matter shall be referred to the Porte previously to the

* Treaty No. 453.

conclusion of the arrangement. But it is pointed out in the above-mentioned Reference of August last that this condition was waived in the notes annexed to the Firman of 1879.

It is of the utmost importance to the material interests of Egypt, that special Conventions for the admission of tobacco into that country should be concluded. Indeed, negotiations have been actually commenced for such a Convention with Greece, and Her Majesty's Government are pressed for their opinion as to whether the Porte could take exception to it. It has become necessary, therefore, to consider the proposal once more from every point of view, and before arriving at a final decision Lord Granville desires me to submit to you the farther considerations contained in this letter, in case they should modify in any way the conclusions arrived at in your Report of the 29th May last as to the right of Her Majesty's Government and of the Khedive to enter into a Convention for the importation of tobacco into Egypt. I am to request that you will take the papers transmitted herewith into your consideration, and that you will favour Lord Granville with your opinion on the question submitted in this letter, and with any general observations which you may have to offer on the case.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

[After recapitulation of preceding Reference, the Law Officers report as follows:—]

In obedience to your Lordship's commands we have the honour to report—

That we think that the financial and administrative autonomy which has been conferred by Turkey upon Egypt, coupled with the right, also conferred upon her, of making Commercial Treaties with foreign Powers, would authorize Egypt to enter into a Treaty providing for the import of tobacco, on payment of such duty as might be agreed upon.

But it may no doubt be the case that certain foreign Powers might, by the provisions of a Treaty with Turkey, by which they were bound, be precluded from entering into such a Treaty with Egypt, and at the same time claiming the benefit of their Treaty with Turkey.

There can be no doubt that the Firmans are to be regarded as operating primarily as between Turkey and Egypt, and therefore, not necessarily warranting, as regards foreign Powers, every Treaty they might make with Egypt.

With reference to the question now before us, it might on the one hand be urged by the Porte, that any foreign Power which had agreed that the importation of tobacco by its subjects into the Ottoman dominions, including Egypt, should be strictly prohibited, could not claim the benefit of other provisions of the Treaty, for which this was, in fact, the consideration, whilst they, by arrangement with Egypt, to which the Porte had given, so far as they were concerned, no sanction, set aside the prohibition so far as it related to that part of the Ottoman dominions.

On the other hand, it may be said that it was the very purpose of the Firmans to grant a complete right of independent action in the Egyptian Government in all that affected its customs duties and commercial interests, and thus to withdraw Egypt, for all such purposes from, and to cause her no longer to be treated, so far as these matters were concerned, as part of the Ottoman dominions.

There is much to be said in support of each of these conflicting contentions, and we have great difficulty in determining between them; but on the whole we incline to the opinion that the balance of argument and policy is in favour of the former view, and that therefore it would be unadvisable to enter into the Convention with the Khedive referred to in your Lordship's letter of the 23rd ultimo.

We have, &c.
(Signed) HENRY JAMES.
FARRER HERSHELL.
J. PARKER DEANE.

Temple, December 15, 1883.

Décret du 20 Mars, 1884, autorisant l'Introduction en Égypte des Tabacs provenant du Royaume de Grèce.

NOUS, Khédive d'Égypte,
Sur la proposition de notre Ministre des Finances, et l'avis conforme de notre Conseil des Ministres;

Décrétons:

Article 1^{er}. A partir de ce jour les tabacs de toute qualité, soit en feuilles, soit rapés, soit coupés, soit en cigarettes, provenant du Royaume de Grèce, pourront être introduit en Égypte.

Art. 2. Les droits de douane seront perçus sur ces tabacs à raison de P. T. 5 par oke.

Art. 6. Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Fait au Palais d'Abdine le 22 Gamad-ewel (20 Mars, 1884).

(Signé) MEHÉMET TEWFIK.

Par le Khédive:
Le Président du Conseil des Ministres,
(Signé) NUBAR.
Le Ministre des Finances,
(Signé) MUSTAPHA FEHMY.

Convention between the Governments of Greece and Egypt. Signed March 3, 1884.

M. ANASTHASIASE BYZANTIOS, Agent Diplomatique et Consul-Général Hellénique, d'une part, et son Excellence Nubar Pacha, Président du Conseil des Ministres, Ministre des Affaires Étrangères de Son Altesse le Khédive, dûment autorisés par leurs Gouvernements respectifs, sont convenus de ce qui suit:—

ARTICLE I.

Le commerce Hellénique en Égypte et le commerce Égyptien en Grèce seront traités sous le rapport des droits de douane, tant à l'importation qu'à l'exportation, comme le commerce de la nation la plus favorisée.

ARTICLE II.

Aucune mesure de prohibition ne pourra frapper le commerce réciproque d'importation ou d'exportation des deux pays, si elle n'est également étendue à toutes les autres nations. Il est toutefois entendu que cette restriction ne s'applique pas aux mesures spéciales que l'un des deux pays pourrait prendre, afin de se garantir contre l'épizootie, le phylloxéra, ou tout autre fléau.

ARTICLE III.

Le Gouvernement Égyptien s'engage, sauf les exceptions mentionnées à l'Article VI ci-après, à ne prohiber l'importation en Égypte d'aucun article, produit du sol et de l'industrie de la Grèce, de quelque lieu qu'arrive cet article.

ARTICLE IV.

Les droits à percevoir en Égypte sur les produits du sol et de l'industrie de la Grèce, de quelque lieu qu'ils arrivent, seront réglés par un tarif qui sera établi par des Commissaires nommés *ad hoc* par les deux Gouvernements.

Comme base de ce tarif l'on prendra le droit fixe de 8 pour cent *ad valorem* à calculer sur le prix des marchandises à l'échelle de débarquement, mais le Gouvernement Égyptien se réserve la faculté de porter à un taux plus élevé les droits sur les boissons distillées, les vins, et les articles de luxe; ces droits ne devront cependant, en aucun cas, excéder le taux de 16 pour cent *ad valorem*.

Le Gouvernement Égyptien se réserve aussi le droit d'abaisser jusqu'au taux de

5 pour cent, et même de supprimer entièrement, les taxes sur les articles de première nécessité entrant en Égypte.

Les droits de douane seront perçus sans préjudice des pénalités édictées en matière de fraude et de contrebande par les Règlements.

ARTICLE V.

Le tabac, sous toutes ses formes, et le tombac, ainsi que le sel, le natron, le hachiche et le salpêtre sont exclus des stipulations de la présente Convention.

Le Gouvernement Égyptien conserve un droit absolu par rapport à ces articles, dont le régime sera applicable aux sujets Hellènes dans les mêmes conditions qu'aux sujets locaux.

Le Gouvernement Égyptien pourra procéder, dans les magasins ou demeures, à toutes perquisitions immédiates qu'il jugera nécessaires. Le double de l'ordre de perquisition sera envoyé à l'autorité Consulaire Hellénique qui pourra aussitôt assister, si elle le juge convenable, sans que cette formalité puisse retarder la perquisition.

ARTICLE VI.

Par exception aux stipulations de l'Article III, les armes de guerre (comprenant les armes à feu et les armes blanches) et les munitions de guerre ne seront pas admises à l'importation en Égypte.

La restriction ci-dessus ne s'applique pas aux armes de chasse et de luxe, ni à la poudre de chasse; l'entrée de ces articles fera l'objet de dispositions particulières de la part du Gouvernement Égyptien.

ARTICLE VII.

Les marchandises importées en Égypte et réexportées dans un délai n'excédant pas six mois, seront considérées comme marchandises de transit et ne payeront à ce titre qu'un droit de transit de 1 pour cent, calculé sur la valeur à l'échelle de débarquement.

Après ce délai de six mois elles seront passibles de l'intégralité du droit d'importation.

Si la réexportation a lieu par le port même du débarquement, à la suite d'un simple transbordement ou bien après débarquement et séjour des marchandises à terre, dans les conditions de surveillance prévues par les Règlements Douaniers, pendant un délai n'excédant pas un mois, ces marchandises ne seront sujettes à aucun droit; mais le droit de transit sera dû, si après avoir été débarquées et déposées temporairement, soit dans les magasins de la Douane, soit dans les magasins particuliers, flottants ou non, les marchandises sont réexportées, après avoir fait l'objet d'une opération commerciale.

ARTICLE VIII.

Si des marchandises, après avoir été frappées du droit d'importation en Égypte, sont expédiées à d'autres pays, avant l'expiration du terme de six mois, à dater du jour de leur débarquement, elles seront traitées comme marchandises en transit et la Douane Égyptienne restituera à l'exportateur la différence entre le droit payé et celui de transit mentionné à l'Article VII.

Pour obtenir le drawback, l'exportateur devra fournir les preuves que le droit d'importation a été payé sur les marchandises réexportées.

ARTICLE IX.

Les produits du sol et de l'industrie de l'Égypte, à destination de la Grèce, paieront un droit d'exportation, de 1 pour cent *ad valorem*, calculé sur la valeur des marchandises à l'échelle d'exportation.

Pour plus de facilité, ces produits seront, autant que possible, tarifés périodiquement, d'un commun accord, entre les représentants du commerce d'exportation et l'Administration des Douanes Égyptiennes.

ARTICLE X.

Sont seuls exemptés de toute vérification à l'entrée et à la sortie, ainsi que du paiement des droits, les objets et effets personnels appartenant aux Consuls-Généraux et Consuls de Carrière, n'exerçant pas d'autres fonctions, ne s'occupant ni de commerce ni d'industrie et ne possédant ou n'exploitant pas des biens-fonds en Égypte.

ARTICLE XI.

Dans un délai maximum de trente-six heures, après l'arrivée d'un navire dans une rade ou un port Égyptien, le capitaine ou l'agent des armateurs doit déposer à la Douane deux copies du manifeste de cargaison, certifiées, par lui, conformes à l'original. De même, les capitaines doivent, avant leur départ d'un port Égyptien, présenter à la Douane une copie du manifeste des marchandises chargées à leur bord. Le manifeste original, soit à l'arrivée, soit au départ, sera présenté en même temps que les copies pour être confronté avec elles.

Si un navire s'arrête dans un port Égyptien, pour un motif paraissant suspect à la Douane, celle-ci pourra exiger la présentation du manifeste et faire immédiatement toutes perquisitions qu'elle jugera nécessaires: l'ordre de perquisition sera adressé, dans ce cas, à l'autorité Consulaire Hellénique, ainsi qu'il est dit à l'Article V.

Les excédants ou déficits, résultant du rapprochement du manifeste avec la cargaison, donneront lieu à l'application des amendes prévues par le Règlement Douanier qui sera promulgué par le Gouvernement Égyptien.

ARTICLE XII.

Toute opération de Douane en Égypte, soit à l'arrivée, soit au départ, doit être précédée d'une déclaration signée par le propriétaire de la marchandise ou par son représentant.

La Douane peut, en outre, en cas de contestation, exiger la présentation de tous les documents qui doivent accompagner l'envoi d'une marchandise, tels que: factures, correspondances, &c.

Tout refus de faire la déclaration, à l'arrivée ou au départ, tout retard apporté à la dite déclaration, toute différence en plus ou en moins constatée entre les marchandises et la déclaration donneront lieu à l'application des amendes prévues par le Règlement Douanier Égyptien, pour chacun des cas spécifiés.

ARTICLE XIII.

Les Agents de la Douane, les officiers des bâtiments du service postal Égyptien, et les officiers des navires de l'État, peuvent aborder tout bâtiment à voile ou à vapeur d'une portée au-dessous de 200 tonneaux, à l'ancre, ou louvoyant, dans les 10 kilom. du littoral, sans justification de force majeure; s'assurer de la nature du chargement, saisir toute marchandise prohibée et constater toute autre contravention aux Règlements Douaniers.

ARTICLE XIV.

Toute introduction de marchandises en contrebande donnera lieu à l'application des confiscations et amendes édictées par le Règlement Douanier Égyptien.

Les décisions qui prononceront les confiscations et amendes devront être communiquées dans les délais légaux à l'autorité Consulaire Hellénique.

ARTICLE XV.

Il est entendu que la présente Convention ne peut en rien porter atteinte aux droits d'administration qui appartiennent aux deux Gouvernements Contractants et qu'ils pourront appliquer toute réglementation utile au bon fonctionnement des services et à la répression des fraudes.

ARTICLE XVI.

La présente Convention aura son effet pendant sept ans à partir du 20 Mars, 1881.

A l'expiration de cette période la présente Convention restera en vigueur pendant l'année suivante et ainsi de suite d'année en année jusqu'à dénonciation ou conclusion d'un nouvel accord s'il y a lieu.

ARTICLE ADDITIONNEL.

L'effet des modifications au tarif actuel des droits, prévues à l'Article IV, demeure suspendu jusqu'à ce que ces modifications aient été adoptées par les autres Puissances intéressées.

En foi de quoi les Soussignés ont signé la présente Convention.

Fait en duplicata au Caire, le 3 Mars, 1884.

(Signé) NUBAR.
BYZANTIOS.

(Translation.)

M. Anasthase Byzantios, Diplomatic Agent and Consul-General of Greece, of the one part, and his Excellency Nubar Pasha, President of the Council of Ministers, Minister for Foreign Affairs of His Highness the Khedive, duly authorized by their respective Governments, have agreed as follows:—

ARTICLE I.

The commerce of Greece in Egypt, and the commerce of Egypt in Greece, shall be treated upon the footing of the most favoured nation as regards customs duties, both of import and export.

ARTICLE II.

No prohibition of importation or exportation can be applied to the reciprocal commerce of both countries unless it be equally applied to all other nations. It is nevertheless understood that this restriction does not extend to the special measures which either of the two countries may take in order to protect itself against cattle plague, phylloxera, or any other plague.

ARTICLE III.

The Egyptian Government engages, with the exceptions hereafter specified in Article VI, not to prohibit the importation into Egypt of any article being the produce of the soil or industry of Greece, whencesoever arriving.

ARTICLE IV.

The duties to be levied in Egypt upon the produce of the soil or industry of Greece whencesoever arriving, shall be regulated by a tariff to be fixed by Commissioners appointed *ad hoc* by the two Governments.

The fixed duty of 8 per cent. *ad valorem* shall be adopted as a basis for this tariff, and shall be calculated on the value of the goods at the landing-stage; but the Egyptian Government reserves the right to raise to a higher rate the duties on distilled drinks, wines, and articles of luxury; these duties shall, however, in no case exceed the rate of 16 per cent. *ad valorem*.

The Egyptian Government further reserves the right to diminish to the rate of 5 per cent., and even to abolish entirely, the duties on articles of prime necessity imported into Egypt.

The customs duties shall be collected without prejudice to the penalties fixed by the Regulations in cases of fraud and contraband.

ARTICLE V.

Tobacco of all kinds, tombac (metal), salt, carbonate of soda, hachish, and salt-petre are excluded from the stipulations of the present Convention.

The Egyptian Government reserves an absolute right with regard to these articles, the Regulations in regard to which shall be applied to Hellenic subjects under the same conditions as to natives.

The Egyptian Government may make all immediate searches in shops or dwellings which they may think necessary. A duplicate of the search warrant shall be sent to the Hellenic Consular authority, who may at once attend if he thinks expedient. This formality shall not, however, delay the search.

ARTICLE VI.

The exceptions to the stipulations of Article III, namely, warlike arms (comprising fire-arms and side-arms) and munitions of war, shall not be admitted to importation into Egypt.

The above restriction does not apply to arms for the chase or arms of luxury ("armes de luxe"), nor to powder for hunting purposes. The importation of these articles shall be regulated by special provisions on the part of the Egyptian Government.

ARTICLE VII.

Goods imported into Egypt and re-exported within a period not exceeding six months, shall be considered as goods in transit, and under that category shall pay only a duty of 1 per cent., calculated on the value at the landing-stage.

After the period of six months they shall be liable to the full import duty.

If the re-exportation takes place at the actual port of disembarkation—by means of a simple transshipment—or after disembarkation and deposit of the goods on land under the surveillance provided by the Customs Regulations, within a period of not more than one month, the goods shall not be subject to any duty, but the transit duty shall be due if, after having been disembarked and temporarily deposited either in the Customs warehouses or in private warehouses, whether floating or not, the goods are re-exported after having been the medium of a commercial operation.

ARTICLE VIII.

If goods, after having paid the import duty in Egypt, shall be sent to another country before the expiration of the period of six months, counting from the day of disembarkation, they shall be treated as goods in transit, and the Egyptian Customs shall refund to the exporter the difference between the duty already paid and the transit duty mentioned in Article VII.

In order to obtain the drawback, the exporter must produce proof that the import duty has been paid on the re-exported goods.

ARTICLE IX.

The produce of the soil and industry of Egypt exported to Greece shall pay an export duty of 1 per cent. *ad valorem*, calculated on the value of the goods at the exporting stage.

In order to provide greater facility, such produce shall be, so far as possible, tariffed periodically by mutual agreement between the representatives of the export trade and the Egyptian Customs Administration.

ARTICLE X.

The following are alone exempt from all examination on entry or departure, as well as from all payment of duty, viz., articles and personal effects belonging to Consuls-General and Commissioned Consuls ("Consuls de Carrière"), who do not exercise other functions, are not engaged in commerce or manufacture, and do not possess or make use of landed property in Egypt.

ARTICLE XI.

Within a period not exceeding thirty-six hours after the arrival of a vessel in an Egyptian port or harbour, the captain or agent of the owners must deposit at the Custom-house two copies of the cargo manifest, certified by him to be true copies of the original. In the same manner the captains must, before departure from an Egyptian port, present at the Custom-house a copy of the manifest of the goods composing the cargo of their ships. The original manifest, whether on arrival or departure, must be presented at the same time with the copies, to be compared with them.

If a vessel stops in an Egyptian port, for a motive which appears suspicious to the Customs authorities, the latter may require the presentation of the manifest and may immediately make such search as they may deem necessary: the search warrant shall be addressed in such case to the Hellenic Consular authority, as provided in Article V.

Excess or deficit, resulting from the comparison of the manifest with the cargo, will entail the application of the fines specified in the Customs Regulations which shall be promulgated by the Egyptian Government.

ARTICLE XII.

Every Customs formality in Egypt, whether on arrival or departure, must be preceded by a declaration signed by the proprietor of the goods or by his representative.

If any question arises, the Customs authorities may require the production of all the documents which should accompany a consignment of goods, such as invoices, correspondence, &c.

Any refusal to make the declaration, either on arrival or departure, any delay in making the said declaration, any difference, less or more, which may exist between the goods and the declaration, shall entail the application of the fines provided by the Egyptian Customs Regulations in each of the specified cases.

ARTICLE XIII.

Custom officers, officers of the vessels belonging to the Egyptian postal service, and officers of vessels belonging to the State, may board any vessel, whether sailing or steam, of more than 200 tons burden, at anchor or cruising within 10 kilom. of the shore, without the plea of "force majeure;" may assure themselves of the nature of the cargo, may seize all prohibited goods, and substantiate any other contravention of the Customs Regulations.

ARTICLE XIV.

Any contraband importation of goods shall entail the application of the confiscation and fines provided by the Egyptian Customs Regulations.

Decisions imposing confiscations and fines must be communicated within the legal period to the Hellenic Consular authority.

ARTICLE XV.

It is understood that the present Convention shall in nowise infringe the administrative rights which belong to both the Contracting Governments, and that they may put in force any Regulation which may be useful for the good working of the service and for the repression of fraud.

ARTICLE XVI.

The present Convention shall remain in effect for seven years, commencing on the 20th March, 1884.

On the expiration of that period the present Convention shall remain in force during the following year, and so on from year to year until it is denounced, or until the conclusion, if necessary, of a new agreement.

ADDITIONAL ARTICLE.

The operation of the modification in the existing tariff of duties, contemplated by Article IV, remains suspended until these modifications have been adopted by the other Powers interested.

In witness whereof the Undersigned have signed the present Convention.

Done in duplicate at Cairo, the 3rd March, 1884.

(Signed) NUBAR.
BYZANTIOS.

No. 10.

Agreement between the Governments of Great Britain and Egypt securing most-favoured-nation Treatment to the Commerce and Navigation of both countries. Signed at Cairo, March 3, 1884.

THE Undersigned, Sir Evelyn Baring, K.C.S.I., Minister Plenipotentiary, Her Majesty's Agent and Consul-General for Egypt, and his Excellency Nubar Pasha, President of the Council of Ministers, Minister for Foreign Affairs, and Minister of Justice to His Highness the Khedive, acting by order of, and under instructions from,

their respective Governments, having held a conference this day on the subject of the conclusion of Conventions respecting trade and commerce between the Government of Egypt and foreign Powers, have agreed as follows:—

1. The Government of Her Britannic Majesty agrees that the Egyptian Custom-house Regulations, which, by the Convention made on the 3rd instant between the Egyptian Government and the Government of His Majesty the King of the Hellenes,* are made applicable to Hellenic subjects, ships, commerce, and navigation, shall be applied equally to British subjects, ships, commerce, and navigation.

2. All rights, privileges, or immunities which the Government of Egypt now grants, or may hereafter grant to, or suffer to be enjoyed by, the subjects, ships, commerce, and navigation of other foreign Powers, shall be equally granted to, and exercised, and enjoyed by the subjects, ships, commerce, and navigation of Great Britain.

In witness whereof the Undersigned have signed the present Convention and have affixed thereto their seals.

Done at Cairo this 3rd day of March, 1884.

(L.S.) (Signed) EVELYN BARING.
(L.S.) N. NUBAR.

No. 11.

The Earl of Dufferin to Earl Granville.—(Received May 2.)

(No. 4. Commercial.)

My Lord,

Cairo, April 24, 1883.

I HAVE the honour to transmit herewith a Memorandum which has been communicated to me by Mr. Caillard, the Director-General of the Egyptian Customs, respecting the "raftieh mutadawileh," or certificates of free entry.†

These certificates were granted to exporters of European goods from Egypt to Ottoman ports on the Red Sea, and were to certify that duty had been paid on entry into Egypt. As the goods had passed through many hands before reaching the exporter, it would have been extremely difficult for the latter to specify accurately the amount of duty paid, or the original value of the merchandize.

The "raftiehs," therefore, did not contain such data, but merely stated that, as the goods had been already bought and sold in Egypt, it was impossible to ascertain or indicate the amount of duty that was at first collected on them. A similar arrangement was adopted in regard to goods passing through Turkey to Egypt.

It appears, however, that by an order of the Administration of the Six Indirect Contributions at Constantinople, the exporters of European goods from Egypt are now bound to specify on the "raftieh" the amount of duty paid and the exact value of the merchandize. Unless these conditions are complied with the "raftieh" will be considered valueless, and the goods rendered liable to a second duty.

The Ottoman authorities, on the other hand, still maintain the validity of the old form of "raftieh" for goods exported from their ports to Egypt.

Mr. Caillard states that the measures of the Turkish Administration are contrary to the letter and spirit of the Treaties, which provide that European merchandize is only to pay duty on its first arrival in Ottoman dominions.

The Egyptian Government would naturally be very grateful if your Lordship's kind intervention could be obtained in having the Regulations above referred to placed upon an equitable footing.

I have, &c.
(Signed) DUFFERIN.

[504] * See No. 9.

† See No. 1.

The Earl of Dufferin to Earl Granville.—(Received October 24.)

(No. 326. Commercial.)

My Lord,

Therapia, October 15, 1883.

I HAVE the honour to transmit herewith to your Lordship a copy of a note which, in accordance with the instructions contained in your Lordship's despatch No. 123, Commercial, of the 1st August last, I have addressed to the Ottoman Minister for Foreign affairs with a view to obtain the suspension of the Order issued by the Administration of the Six Indirect Contributions at Constantinople respecting the "raffichs" issued by the Egyptian Customs.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 12.

The Earl of Dufferin to Aarifi Pasha.

M. le Ministre,

Therapia, October 15, 1883.

JE prends la liberté d'entretenir votre Altesse au sujet d'une plainte formulée par des négociants établis en Égypte dans un Mémoire soumis à la considération du Gouvernement de Sa Majesté la Reine.

Les motifs qui y ont donné lieu sont les suivants:—

Les négociants en question sont en rapport d'affaires avec des correspondants établis dans les ports Ottomans de la Mer Rouge auxquels ils expédient des marchandises de manufacture étrangère achetées dans les marchés Égyptiens. A l'époque de l'achat elles ne sont plus sujettes au droit de Douane attendu que ce droit a été déjà payé lors de l'importation de ces marchandises en Égypte; ainsi, sur la demande des acheteurs un "raffich" est délivré par les Douanes Égyptiennes certifiant que comme ces marchandises ont été déjà achetées et vendues en Égypte, il est impossible d'établir et d'indiquer le montant du droit perçu là-dessus lors de l'importation.

Cette forme de "raffich" est prévue dans le Règlement Douanier de l'Empire où il est désigné sous le nom de "raffich mutadawil," c'est-à-dire certificat pour articles qui ont passé de main en main.

Les Douanes Ottomanes acceptaient auparavant cette sorte de "raffich" et elles en délivraient, de leur côté, de pareils qui étaient acceptés par les Douanes Égyptiennes. Cependant, il y a quelques mois, l'Administration des Contributions Indirectes, par une Circulaire en date du Rebuil-Akhir, 1299, communiquée aux Douanes Ottomanes ainsi qu'aux Douanes Égyptiennes, prescrivit qu'à partir du 1^{er} Mars, 1298, les Douanes Ottomanes n'accepteraient plus les "raffichs mutadawils" émanant des Douanes Égyptiennes et vice-versa, et invita ces dernières à inscrire dans le "raffich" tant la valeur des articles auxquels il se réfère, que le montant du droit payé là-dessus.

Il a été cependant constaté que les Douanes Ottomanes n'entendaient pas être guidées elles-mêmes par la règle qu'elles avaient établie pour l'Égypte, attendu qu'elles continuaient et continuent toujours à délivrer des "raffichs mutadawils," tout en faisant une stricte application de la nouvelle mesure aux marchandises de provenance Égyptienne. Ainsi, un nombre de "raffichs Mutadawils" furent rejetés par les Douanes de Jeddah et Hodeida, et les négociants en faveur desquels ils avaient été délivrés eurent à payer derechef le droit d'importation à l'arrivée de leurs marchandises dans les ports Ottomans de la Mer Rouge. Là-dessus la Douane Égyptienne pour obvier à tous ces inconvénients, qui provoquaient les protestations des négociants, s'efforça, malgré les grandes difficultés que présentait l'exécution de la mesure recommandée par l'Administration des Contributions Indirectes (attendu qu'elle arrivait à grande peine à constater l'identité d'une marchandise, soit, à cause d'un laps de temps considérable qui s'écoule parfois depuis son importation, soit parce qu'il arrive qu'elle soit vendue en plusieurs lots et qu'elle change de mains) s'efforça, dis-je, à s'y conformer en délivrant des "raffichs" contenant les indications requises. Mais que s'en est-il suivi? Les Douanes Ottomanes, toutes les fois qu'elles en constataient, par rapport aux marchandises comprises dans le tarif, que le droit de Douane avait été prélevé sur la base d'une estimation qui était inférieure à celle qui est établie dans le tarif en vigueur en Turquie, elles faisaient payer la différence au négociant malgré le "raffich"

en règle dont il était porteur. Elles agissaient de même pour les marchandises taxées *ad valorem*, lorsqu'elles trouvaient que l'estimation qu'en avait été faite en Égypte était inférieure à celle de la place où elles étaient expédiées. D'ailleurs, tout ceci est énoncé dans la Circulaire comme étant le but de la nouvelle mesure.

Tels sont, M. le Ministre, les faits rapportés par les auteurs du Mémoire ci-dessus mentionné. Je prendrai maintenant la liberté d'y ajouter certaines considérations dont la justesse ne saurait échapper à l'esprit éclairé de votre Altesse. Elle n'ignore pas, peut-être, que le tarif en vigueur en Turquie n'était pas appliqué en Égypte et qu'un différent mode de procéder y était adopté et il y est en vigueur jusqu'à présent, à savoir, que l'Administration Centrale des Douanes fixe, à des intervalles déterminés, le prix de chaque article de manufacture étrangère selon les prix courants, et elle communique cette estimation générale, à titre de tarif provisoire, aux autres Douanes de sa dépendance, qui prélèvent alors le droit de Douane d'après la dite estimation jusqu'à nouvel ordre. Ce mode de procéder n'a jamais rencontré la moindre opposition de la part du Gouvernement Impérial qui, sans cela, l'aurait fait modifier. Il n'est donc pas étonnant que les Douanes Turques constatent parfois une différence entre le prix de la marchandise selon le tarif et l'estimation faite en Égypte, qui n'est basée que sur le prix du jour et non sur celui de l'époque où le tarif a été confectionné. Mais il ne s'ensuit pas pour cela il me semble que la Douane soit justifiée de réclamer cette différence, de même qu'il ne serait pas admis qu'un négociant en fasse autant lorsque l'estimation faite en Égypte, comme elle peut bien arriver, vient à fixer un prix supérieur à celui du tarif en vigueur en Turquie. En tout cas le tarif en vigueur étant expiré cette partie de la mesure n'a plus sa raison d'être. Quant à ce qui concerne les marchandises dont le droit est perçu *ad valorem*, la mesure me semble encore moins justifiable. Le fait que le prix d'un article, à son arrivée dans un port Ottoman, est supérieur à celui qu'il avait lors de son importation en Égypte, ne saurait constituer pour la Douane Turque le droit d'en réclamer la différence. Le prix des marchandises change d'un jour à l'autre et si on laisse subsister le principe inauguré, cela ne peut que donner lieu à des abus bien plus graves que ceux que l'on veut éviter. D'ailleurs, lorsqu'un laps de temps s'est écoulé depuis l'importation d'une marchandise, comment peut-on s'attendre qu'il n'y ait pas différence de prix et pourquoi le négociant en ferait-il l'expédition s'il ne trouve pas un avantage? En somme, je ne saurais dissimuler à votre Altesse que la mesure me semble vexatoire pour le commerce et comme telle plus nuisible qu'avantageuse au Gouvernement Impérial.

Mais la considération la plus sérieuse aux yeux du Gouvernement de Sa Majesté la Reine, c'est que la mesure en question est, sans contredit, en contravention flagrante avec nos Traités. Votre Altesse n'ignore pas que d'après l'Article XXXI du Traité de 1675 toute marchandise Anglaise qui, à son importation en Turquie, a acquitté le droit de Douane, ne saurait être grevée d'aucune charge ou impôt lors de son transport d'un port de l'Empire à un autre. Le sens de cet Article est assez clair et catégorique, et il n'est pas permis à l'Administration des Contributions Indirectes, sous le prétexte de prévenir des abus, de frapper une marchandise Anglaise d'un droit additionnel.

J'aime à croire que votre Altesse, reconnaissant le bien-fondé de la plainte des négociants susmentionnés, ainsi que la gravité des considérations soumises à son appréciation, voudra bien aviser aux moyens de faire suspendre une mesure si dérogatoire aux Traités et si nuisible au commerce et aux intérêts du Gouvernement Impérial lui-même.

Je saisis, &c.
(Signé) DUFFERIN.

The Earl of Dufferin to Earl Granville.—(Received April 9.)

(No. 69. Commercial.)

My Lord,

Constantinople, March 31, 1884.

IN my despatch No. 326, Commercial, of the 15th October last I forwarded to your Lordship a copy of a note which, in obedience to your Lordship's instructions, I had addressed to the Sublime Porte with a view to obtain the suspension of the Order issued by the Administration of the Six Indirect Contributions respecting the "raffichs" issued by the Egyptian Customs. I have now the honour to transmit herewith a copy

of a note which I have just received from Aarifi Pasha in reply to the above communication.

As your Lordship will perceive, Aarifi Pasha's reply is anything but satisfactory. It utterly ignores the considerations in favour of the suspension of this Order which were submitted to the Sublime Porte by Her Majesty's Embassy, and merely states that the measure was adopted with a view to insure the regular collection of the established custom-house dues, and to put a stop to the abuses which had cropped up under the old system, adding that the application of the new uniform tariff which is now in course of negotiation would in due time render the enforcement of the measure in question wholly unnecessary.

I have accordingly thought it my duty to address a fresh note to Aarifi Pasha, calling attention to the fact that the Administration of the Six Indirect Contributions have not thought fit to answer any of the arguments put forward by this Embassy, and requesting his Highness once more to give his attention to the matter, and to take the necessary steps to suspend a measure so detrimental to the interests of British merchants established in Egypt.

A copy of this note is also inclosed herewith.

I have, &c.
(Signed) DUFFERIN.

Inclosure 1 in No. 13.

Aarifi Pasha to the Earl of Dufferin.

M. l'Ambassadeur,

Sublime Porte, le 5 Mars, 1884.

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser le 15 Octobre dernier, pour me faire part des plaintes formulées par certains négociants établis en Égypte à propos du traitement observé à l'égard des marchandises expédiées des ports Égyptiens à destination des autres ports de la Mer Rouge.

Je n'avais pas manqué de communiquer cette pièce à l'Administration Générale des Contributions Indirectes. Il résulte de sa réponse que la manière d'agir contre laquelle s'élèvent les négociants susvisés n'est destinée qu'à assurer la perception régulière et intégrale des taxes douanières telles qu'elles sont établies. En effet, votre Excellence a la bonté de reconnaître elle-même dans sa note précitée qu'il ne s'agit point, en l'espèce, de la perception de nouvelles taxes, mais simplement d'impositions complémentaires aux marchandises qui, à leur entrée en Égypte, auraient acquitté des droits insuffisants. C'est donc là un procédé des plus réguliers, puisqu'il ne tend qu'à supprimer des abus qui, favorisant exceptionnellement certains négociants, au détriment des autres, constituent un état de choses nuisible aux intérêts bien entendus du commerce en général et préjudiciable pour le fisc Impérial.

J'aime à espérer que votre Excellence, dans ses sentiments éclairés, voudra bien reconnaître la justesse des considérations qui précèdent, d'autant plus que par suite de l'application du tarif unique et uniforme, qui est actuellement en cours de négociation, le sujet même de plaintes du genre de celles dont il s'agit est appelé à disparaître complètement.

Veuillez, &c.
(Signé) A. AARIFI.

Inclosure 2 in No. 13.

The Earl of Dufferin to Aarifi Pasha.

M. le Ministre,

Constantinople, March 28, 1884.

I HAVE the honour to acknowledge the receipt of the note which your Highness was good enough to address to me on the 5th instant respecting the new measure of the Administration of the Six Indirect Contributions with regard to "raffieh" mutadawileh."

Your Highness informs me that, according to the answer received from the above-mentioned Administration, the measure in question was adopted in order to insure the regular and complete collection of the established custom dues, and in order to prevent abuses. Your Highness concludes by stating that the application of the new

uniform tariff, which is now in course of negotiation, will in due time render the enforcement of the measure in question wholly unnecessary.

I regret to have to observe, M. le Ministre, that the Administration of the Indirect Contributions has not thought fit to reply to any of the serious, and, in my opinion, conclusive arguments which I had the honour to put forward in my above-mentioned note.

In that communication I laid before your Highness, in the first place, conclusive proof of the impracticability of the measure. Secondly, I explained the reasons of the difference which occurs in the valuations of imported goods—reasons which are clearly indisputable; and lastly, I pointed out that the application of such a measure would constitute a flagrant infringement of the Treaties.

It is, therefore, only left to me to refer your Highness to the arguments contained in my former note, and to request you to call the attention of the competent authorities thereto, in order that an end may be put to the just complaints of the merchants established in Egypt.

It is true, as your Highness states, that the application of a single and uniform tariff would dispel these complaints, still it is unjust that, in the meanwhile, the merchants should be the sufferers; it would, therefore, in my opinion, be desirable to suspend the application of the measure in question until the adoption of the new tariff.

I avail, &c.
(Signed) DUFFERIN.

No. 14.

The Earl of Dufferin to Earl Granville.—(Received June 11.)

(No. 109. Commercial.)

My Lord,

Constantinople, June 4, 1884.

WITH reference to your Lordship's despatch No. 50, Commercial, of the 16th April, I have the honour to transmit herewith a copy of a note which I have received from Assim Pasha respecting the Egyptian "raffieh," in answer to the note which I addressed to the Sublime Porte on that subject on the 28th March last.

As your Lordship will perceive, the Sublime Porte still upholds the legality of the measure in question, and states, as in its previous note, that it has only been put in force with a view to prevent abuses that continually arose under the old system.

I have shown Assim Pasha's note to Her Majesty's Consul-General and Judge, and he shares my opinion that, in view of the attitude assumed by the Sublime Porte, nothing would be gained by any further correspondence. I should therefore be much obliged if your Lordship would kindly communicate to me the views of Her Majesty's Government as to the course to be adopted by Her Majesty's Embassy under the present circumstances.

The Turkish Government are undoubtedly rendered more obstinate in the matter by the support of the Administration of the Six Indirect Contributions.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 14

Assim Pasha to the Earl of Dufferin.

M. l'Ambassadeur,

Sublime Porte, le 20 Mai, 1884.

LE Ministère Impérial a eu l'honneur de recevoir la note que votre Excellence a bien voulu lui adresser le 28 Mars dernier, concernant les griefs formulés par quelques négociants contre certaines mesures de contrôle prises par les Douanes Impériales à l'égard des marchandises provenant d'Égypte.

L'Administration des Contributions Indirectes, à laquelle la note de l'Ambassade Royale avait été communiquée, vient de me faire part des réflexions que le contenu de ce document lui a suggérées, et je me fais un devoir de placer sous les yeux de votre Excellence la substance de ces observations.

En premier lieu, l'Administration des Contributions Indirectes constate que les mesures dont il s'agit ne sont pas de date récente. Ce n'est pas à partir du 1^{er} Mars, 1298, que ces prescriptions ont été mises en pratique. Les Contributions Indirectes en avait déjà reconnu la nécessité et ordonné l'application par une Circulaire du 26 Janvier, 1290. La Circulaire à laquelle la note de l'Ambassade fait allusion n'avait donc pas pour objet de décréter une mesure nouvelle, elle se bornait à rappeler et à confirmer une décision déjà prise depuis huit ans, et à en recommander la stricte observation.

Cette mesure a été adoptée en vue de prévenir certains abus auxquels l'ancien état de choses avait donné lieu, et qu'il était urgent de faire disparaître.

Ainsi, en se fondant sur ce que les certificats de paiement ("éda teskéressi") délivrés par les Douanes d'Égypte étaient admis par les autres Douanes de l'Empire, des négociants établis à Djeddah, dans le Yémen, sur le littoral de Syrie et à Alexandrette faisaient venir d'Europe des marchandises par voie d'Égypte et les faisaient débarquer dans les échelles susdites sans payer les droits de Douane, mais en présentant des déclarations indiquant que ces droits avaient déjà été acquittés aux Douanes Égyptiennes. Cependant, les Douanes Impériales ont souvent constaté que ces marchandises n'avaient été déballées ni examinées nulle part, et qu'elles se trouvaient dans les ballots, caisses, et enveloppes originales de la fabrique du lieu d'expédition. Comme, en outre, les déclarations on theskérés qui les accompagnaient n'indiquaient d'une façon suffisamment explicite ni la valeur des marchandises, ni le montant des droits perçus, on fut amené à conclure que les négociants susmentionnés faisaient prendre à leurs marchandises ce long détour, parce que celles-ci payaient en Égypte des droits inférieurs. Des recommandations ont été faites à diverses reprises aux Douanes Égyptiennes pour que les déclarations d'acquit fussent dressées dorénavant dans les formes et avec tous les détails prescrits par le Règlement; mais cela n'ayant pas amené le résultat désiré, l'Administration des Contributions Indirectes se vit dans la nécessité de ne plus accepter les déclarations des Douanes Égyptiennes qui ne remplissaient pas les conditions réglementaires.

La Circulaire récente de l'Administration de la Douane n'avait donc en vue que de recommander de tenir la main à l'application d'une mesure déjà ancienne et dont certains faits, survenus en ces derniers temps, avaient de nouveau démontré l'opportunité. Il avait été constaté, en effet, que certaines déclarations émanées des Douanes Égyptiennes indiquaient une perception de droits inférieurs à ceux fixés par le tarif, ainsi qu'à ceux que les marchandises auraient dû acquitter suivant le taux de leur valeur. Des marchandises dont la valeur était de 6 à 7 piastres et au delà n'avaient été taxées que sur la base d'une valeur de 60 à 70 paras.

La Douane du port d'arrivée s'est donc crue parfaitement justifiée à percevoir la différence qui existait entre le droit payé en Égypte, et celui qui aurait dû être acquitté d'après le tarif ou sur le prix réel des marchandises taxées *ad valorem*.

Arrivant ensuite aux plaintes que l'application de cette mesure a fait naître, c'est-à-dire, à la difficulté de donner des déclarations précises de valeur pour les marchandises en détail qui, après avoir été importées d'Europe en Égypte, et avoir passé de main en main, sont réexportées dans d'autres échelles de l'Empire, les Contributions Indirectes ont essayé d'y remédier en décidant, postérieurement à l'adoption des dites mesures, qu'une exception serait faite en faveur des marchandises de cette catégorie qui seraient accompagnées de theskérés dressés d'après un modèle spécialement arrêté à cet effet.

Pour ce qui est du mode de procéder que la note des 15 Octobre, 1883, de l'Ambassade déclare être suivi en Égypte pour la taxation du marchandises, les autorités Douanières de l'Empire regrettent de ne pouvoir l'admettre. Pour que les déclarations des Douanes Égyptiennes puissent être acceptées par les autres Douanes de l'Empire comme parfaitement valables, il est de toute nécessité que ces déclarations soient dressées d'une façon conforme aux Règlements, et prouvent que les marchandises importées ont acquitté les droits dont elles sont passibles. En agissant d'après ce principe, les directions des Douanes ne font que se conformer strictement à leur devoir, en s'en écartant, au contraire, et en s'abstenant de percevoir le surplus de droit réel sur les marchandises qui à leur passage en Égypte auraient acquitté des droits insuffisants, elles encourageraient certains négociants à diriger leur importations pas la voie d'Égypte, au lieu de les faire directement, et il en résulterait un préjudice considérable non seulement pour le Trésor, mais aussi pour les autres négociants qui, établis dans les mêmes échelles, font venir par voie directe les marchandises Européennes qui alimentent leur industrie.

Quant au reproche que la perception du droit de Douane sur la différence de

valeur des marchandises serait en opposition avec les stipulations des Traités, je suis persuadé que votre Excellence, satisfaite des explications qui précèdent, n'hésitera pas à en reconnaître le peu de fondement. Le Gouvernement Impérial a évidemment le droit de sauvegarder ses intérêts, et s'il est constaté que par suite d'une irrégularité ou d'une erreur, le droit réglementaire qui, d'après les Traités, doit être perçu sur les marchandises importées, ne l'a pas été une première fois dans son intégralité, la perception du complément, c'est-à-dire, la régularisation de l'erreur commise, ne peut pas être interprétée comme constituant la perception d'un second droit. Cette manière d'agir est d'autant moins en désaccord avec le Traité, qu'elle a pour résultat, au contraire, d'assurer la fidèle et loyale exécution de ses clauses.

Ce qui précède démontre suffisamment que les procédés des Douanes provinciales contre lesquelles certains négociants ont cru devoir protester, sont parfaitement réguliers et n'ont d'autre objet que celui de sauvegarder les intérêts légitimes du Trésor, sans apporter aucun préjudice à ceux du commerce. Du reste, et ainsi que mon Département a déjà eu l'honneur de faire observer à l'Ambassade, la mise en application du tarif en cours de négociation aura pour résultat de faire disparaître les inconvénients auxquels les mesures prises par l'Administration des Douanes avaient pour but de remédier, et il y a lieu d'espérer que, sous l'influence d'un état de choses plus régulier et plus uniforme, des plaintes analogues à celle sur lesquelles l'Ambassade Royale a bien voulu attirer l'attention de la Sublime Porte n'auront plus occasion de se faire jour.

Veillez, &c.
(Signé) M. ASSIM.

No 15.

Memorandum by Sir E. Hertslet on the Turkish System of "Raftieh Mutaddwileh," or Certificate of Goods having paid the Import Duty.

Lord Dufferin's
No. 4, Egypt,
April 24, 1883.

THE following are the Articles of the Capitulations of 1675 and of the Treaty of Commerce of 1861 which bear upon this question.

The Capitulations say:—

"Article XXX. That the English merchants having once paid the customs at Constantinople, Aleppo, Alexandria, Scio, Smyrna, and other ports of our sacred dominions, not an asper more shall be taken or demanded from them at any other place, nor shall any obstacle be interposed to the exit of their merchandize."

Hertslet's "Treaties on Trade (Turkey)," p. 15.

"Article XXXI. That having landed their merchandize imported by their ships into our sacred dominions, and paid in any port the customs thereon, and being obliged, from the impossibility of selling the same there, to transport them to another port, the Commandants or Governors shall not, on the landing of such merchandize, exact from them any new custom or duty thereon, but shall suffer them, freely and unrestrictedly, to trade without any molestation or obstruction whatsoever."

"Article XLIX. That the merchants of the aforesaid nation, resident at Galata, buy and receive divers goods, wares, and merchandizes, and, after having paid to our customer the duties thereon, and received a *tescaré*, ascertaining their having paid the same, preparatory to loading such goods in due time on board their ships, it sometimes happens that in the interim the customer either dies, or is removed from his station, and his successor will not accept the said *tescaré*, but demands a fresh duty from the said merchants, thereby molesting them in various ways; whereof we do command, that on its really and truly appearing that they have once paid the duties on the goods purchased, the customer shall receive the said *tescaré* without demanding any fresh duty."

"Article L. That the merchants of the aforesaid nation, after having once paid the duties and received the *tescaré* for the camlets, mohair, silk, and other merchandize purchased by them at Angora, and transported to Constantinople and other ports of our sacred dominions, and having deposited such goods in their own warehouses, have been again applied to for duties thereon; we do therefore hereby command that they shall no longer be molested or vexed on that head, but that when the said merchants shall be desirous of loading such goods on board their ships, and on its appearing by the *tescaré* that they have already paid the duties thereon, no fresh custom or duty shall be demanded for the said goods, provided that the said merchants do not blend or intermix the goods which have not paid custom with those which have."

Ibid, p. 24.

Hertslet's "Treaties on Trade (Turkey)," p. 24.

"Article LI. That the merchants of the aforesaid nation, having once paid the customs on the merchandize imported into Constantinople, and other ports of our sacred dominions, and on those exported therefrom, as silks, camlets, and other goods, and being unable to sell the said goods, are under the necessity of transporting them to Smyrna, Scio, and other ports; on their arrival there the Governors and Custom-house officers of such ports shall always accept their *tescarés*, and forbear exacting any further duty on the said merchandize."

Teskerés were abolished by Article II of the Convention of the 16th August, 1838.*

Ibid., p. 42.

By Article I of the Treaty of the 29th April, 1861, the Capitulations of 1675 were confirmed, and by Article V it was declared as follows:—

Ibid., p. 45.

"The duties to be imposed on any article the produce or manufacture of the dominions or possessions of Her Britannic Majesty imported into the dominions or possessions of His Imperial Majesty, shall in no case exceed one fixed rate of 8 per cent. *ad valorem*, or a specific duty, fixed by common assent, equivalent thereto.

"Such rate shall be calculated upon the value of such articles at the wharf, and shall be payable at the time of their being landed, if brought by sea, or at the first custom-house they may reach, if brought by land.

"If these articles, after having paid the import duty of 8 per cent., are sold, either at the place of their arrival or in the interior of the country, neither the buyer nor the seller shall be charged with any further duty in respect to them.

"And if such articles should not be sold for consumption in Turkey, but should be *re-exported within the space of six months*, the same shall be considered as merchandize in transit by land, and be treated as is stated in Article XII; the Administration of the Customs being bound to restore at the time of their re-exportation to the merchant, who shall be required to furnish proof that the goods in question have paid the import duty of 8 per cent., the difference between that duty and the duty levied on goods in transit by land, as set forth in the Article above cited."

Ibid.

Article VI then says:—

"It is understood that any article, the produce or manufacture of a foreign country, intended for importation into the united Principalities of Moldo-Wallachia, or into the Principality of Servia, which shall pass through any other part of the Ottoman dominions, will not be liable to the payment of customs duty until it reaches those Principalities; and, on the other hand, that any article of foreign produce or manufacture passing through those Principalities, but destined for some other part of the Ottoman dominions, will not be liable to the payment of customs duty until such article reaches the first custom-house under the direct administration of the Sublime Porte."

(Signed) E. HERTSLET.

Foreign Office, May 7, 1883.

No. 16.

Memorandum by Sir E. Hertslet on Egyptian "Raftiehs."

IT appears to me that there are two distinct questions involved in this discussion. One has reference to the right of Egypt to admit Turkish tobacco, in future, whether arriving directly or indirectly from other parts of the Ottoman dominions, on payment of a small import duty, without paying any attention to the Turkish "raftieh," showing that it has already paid the duty at an Ottoman port; and the other has reference to the right of the Turkish authorities at Ottoman ports in the Red Sea to refuse to admit, duty free, tobacco arriving from Egypt, although provided with an Egyptian "raftieh," showing that it has paid the duty, unless certain data are stated thereon, which it appears to be impossible for the merchant to procure.

With regard to both these questions; I think it would be useless to appeal any longer to the Capitulations as bearing upon them, since the Porte has admitted the right of Egypt to conclude Commercial Conventions with foreign Powers for the

* "The Sublime Porte formally engages to abolish . . . all *permits* from the local Governors, either for the purchase of any article, or for its removal from one place to another when purchased; and any attempt to compel the subjects of Her Britannic Majesty to receive such *permits* from the local Governors shall be considered as an infraction of Treaties."

improvement of her own revenues; and that both this country and Greece entered directly into commercial arrangements with Egypt on the 3rd March last.

I do not think it would be right to blow hot and cold, and now that these separate arrangements have been entered into with Egypt, I would suggest that the Capitulations should be no longer appealed to as applicable to this case, but that Egypt should take her stand on her own Treaty engagements.

With regard to the first point; I think that all ordinary Turkish and Greek tobacco ought now to be allowed to be imported into Egypt at the low rate of duty imposed under the new régime,* without the importer being called upon to produce any Turkish "raftieh," the more expensive tobacco paying the higher duty. This might easily be arranged by an Egyptian Decree.

With regard to the second point; I think the case might be met by extending Article VIII of the Convention between Greece and Egypt of the 3rd March last, which has reference to ordinary goods, and which says:—

"If goods, after having paid the import duty in Egypt, shall be sent to another country before the expiration of the period of six months, counting from the day of disembarkation, they shall be treated as goods in transit, and the Egyptian Customs shall refund to the exporter the difference between the duty already paid and the transit duty mentioned in a previous Article (VII)."

The Article adds:—

"In order to obtain the drawback, the exporter must produce proof that the import duty has been paid on the re-exported goods."

Now Article V of this Convention says:—

"Tobacco of all kinds. . . (and other goods which are enumerated) are excluded from the stipulations of the present Convention."

And it adds:—

"The Egyptian Government reserves an absolute right with regard to these Articles; the Regulations in regard to which shall be applied to Hellenic subjects under the same conditions as natives."

If, therefore, the Egyptian Government were to issue a Decree stating that the stipulations of Article VIII of this Convention shall apply to tobacco exported to Turkey, the merchant exporting tobacco from Egypt to any Turkish ports in the Red Sea would have no cause for complaint, since he would not be called upon to pay the duty a second time; neither would the Turkish authorities have just cause of complaint, since they would demand the usual import duty on tobacco when imported without a "raftieh."

I think it would simplify matters, should an Egyptian Decree to the above effect be issued, if it was distinctly stated therein that "raftiehs" were abolished.

(Signed) E. HERTSLET.

Foreign Office, July 14, 1884.

No. 17.

Memorandum by Sir E. Baring on the "Raftieh" System.

THERE are, as Sir E. Hertslet points out in his note of the 14th July, two distinct questions raised in these papers.

The first is, whether Egypt has a right to admit Turkish tobacco without asking for the production of a Turkish "raftieh."

The second has reference to the right of the Turkish authorities at Ottoman ports of the Red Sea to refuse to admit, duty free, tobacco arriving from Egypt, although provided with an Egyptian "raftieh."

I do not propose to go into the second of these questions. Sir E. Hertslet offers a solution which appears to me to be a very good one.

The first question is by far the most important of the two. It has been already submitted to the Law Officers, who, on the 29th May, 1883, after quoting from a Vizirial letter of the 31st March, 1881, expressed themselves in the following terms:—

"We feel that we are hardly in a position to advise how far Egypt is under obligations to the Porte in respect of this matter without some further information as to the foundation upon which the practice which has been pursued by the Egyptian

* See Decree of March 20, 1884.—E. H.

Government rested, what are the 'Traité et Règlements' referred to in the Vizirial letter, and what undertakings have been given by Egypt to the Porte."

I have discussed this matter with Tigrane Pasha, and I can now supply the following information.

I conceive that the Treaties to which allusion is made in the Vizirial letter are those Treaties which exist between the Porte and foreign Powers, and which are binding on Egypt, unless the latter country has exercised the right, which it possesses, of making separate Treaties on its own behalf.

As regards the "Règlements," I asked Tigrane Pasha to telegraph to Cairo and inquire about the nature of the order under which "raftichs" are demanded at Egyptian ports. He received the following reply:—

"Un Ordre des Contributions Indirectes à Constantinople du 10 Zilkadé, 1288, correspondant au 21 Janvier, 1872, dit: 'Tout tabac transporté d'une échelle à une autre de l'Empire doit être revêtu des plombs de la Douane, et accompagné des "raftichs" réglementaires.'"

I understand from this answer that "raftichs" are demanded at Egyptian ports in consequence of an internal Custom-house Regulation emanating from the Porte and applicable to the whole of the Ottoman Empire.

No special undertakings in connection with this matter have, so far as I am aware, been given by Egypt to the Porte.

I would now suggest that the question of whether Turkish tobacco can be imported into Egypt without the production of a "raftich," should be again referred to the Law Officers, and that their attention should be especially drawn to the opinion of M. Padoa, which they have not yet seen.

It will be observed that M. Padoa is of opinion that Egypt is under no obligation to insist on the production of a "raftich."

I have so far only dealt with the question of tobacco. There is, however, a further question which it appears to me that it would be desirable to consider.

Sir Julian Pauncefote remarks that "the radical cure for all these difficulties is to insist on the complete fiscal autonomy and independence of Egypt, and to abolish the 'raftich' system altogether, and abandon the Egyptian claim to fiscal reciprocity."

I entirely share this view, but the question is, how can complete fiscal autonomy be obtained for Egypt? In the case of tobacco, no question arises except between Egypt and the Porte, for up to the present time Egypt has not been permitted to import tobacco except from Turkey. But further difficulties may arise if the "raftich" system is abolished in respect to all goods. For instance, supposing an Italian merchant were to ship goods from Smyrna to Alexandria. At the latter port he would produce a "raftich" showing that the goods had already paid duty at Smyrna. This "raftich" the Egyptian authorities would refuse to recognize. The Italian could then point out that, inasmuch as no Commercial Treaty existed between Italy and Egypt, the latter country was bound by the Commercial Treaty existing between Italy and the Porte, and under this Treaty the validity of the "raftich" would have to be recognized.

One way out of this difficulty would be that, in making any fresh Commercial Treaties, Egypt should expressly stipulate that the other party to the Treaty should not take its stand on a Turkish "raftich" in justification of non-payment of Egyptian customs duties. I conceive that Egypt would have a right under the Firman of making a stipulation of this description.

(Signed) E. BARING.

July 31, 1884.

No. 18.

Memorandum by Sir J. Pauncefote respecting the "Raftich" System in Egypt.

THERE can be no question that it would be a great boon to Egypt if she could be relieved of the "raftich" system imposed on her by the Turkish Customs Regulations.

It is a source of great trouble, vexation, and embarrassment to the Egyptian Government, and it is incompatible with the fiscal autonomy conferred on Egypt by the Imperial Firmans obtained by Ismail Pasha at so great a cost.

Its abolition would effect a saving to Egypt, according to the computation of Mr. Caillard, of about 200,000*l.* a-year. (Print No. 4, p. 8.) The question to be considered is whether its abolition can be effected without violating the rights of the Porte, or those of foreign Powers, under the Capitulations and under their Treaties with the Porte, which extend to the whole of the Ottoman dominions and therefore to Egypt.

I would, in the first place, draw attention to Mr. Caillard's note on the "raftich" question of March 1883. (Print No. 4, p. 7.)

He explains the working of the "raftich" system as applied to three categories of goods: (1) the produce of Turkey; (2) foreign produce imported into Turkey and reshipped to Egypt; (3) tobacco.

Tobacco is excepted from the Treaties of the Porte, and therefore foreign Powers are not concerned in the question as regards that article.

The question whether Egypt could abandon the "raftich" system as applied to tobacco, was referred to the Law Officers, who reported that before expressing an opinion it would be necessary that they should know what undertakings had been given by Egypt to the Porte on the subject. (Print No. 5, p. 11.) Sir E. Baring has since ascertained, through Tigrane Pasha, that no special undertaking has been given by Egypt to the Porte in the matter, and that she merely carries out the Turkish Customs Regulations. (Print No. 17, p. 34.)

We have also received a Report by M. Padoa, the Legal Adviser of the Egyptian Customs (Print No. 3, p. 4), in which he contends with much reason that whatever may be the Treaty rights of foreign Powers as regards other articles, it is clearly within the powers of the Khedive, under the Firmans, to put an end to the "raftich" system as applied to tobacco. The extracts from the Firmans which he cites, and those contained in the references to the Law Officers at pp. 11, 12, and 17 of the Print, show conclusively, as it seems to me, that it is competent to the Khedive to put an end to the injustice to which Egypt has so long submitted of incurring great expense to prevent the evasion of Turkish fiscal laws in relation to tobacco, from which she derives no benefit. Indeed, the right of the Khedive to free himself from the Turkish Regulations has been asserted and exercised without protest from the Porte in the case of the recent Decree of the 20th March, 1884, admitting into Egypt at a low rate of duty tobacco "provenant du Royaume de Grèce." (Print No. 8, p. 19.)

The injustice which Egypt also suffers from the system of "raftichs" as applied to other articles is explained in Mr. Caillard's two Memoranda (Print No. 1, p. 1, and No. 4, p. 7); and it will be seen from the correspondence between Lord Dufferin and the Porte respecting the refusal of the Turkish Customs to accept the Egyptian "raftich mutadawileh" without impracticable conditions, which they do not observe on their side (Print, p. 1. "Measure not Reciprocal.") that there is at the present moment a dead lock on the subject highly prejudicial to Egypt. [The correspondence will be found at pp. 25 to 31 of the Print.]

In a previous Minute (not printed) I observed that "the radical cure for all these difficulties is to insist on the complete fiscal autonomy and independence of Egypt, and to abolish the "raftich" system altogether and abandon the Egyptian claim to fiscal reciprocity."

On this Sir E. Baring (Print, No. 17, p. 34) says that he entirely shares my view, but asks how can complete fiscal autonomy be obtained for Egypt? and he proceeds to point out that, as regards foreign imports other than tobacco, the Powers having Treaties with the Porte, are entitled to treat Egypt for commercial purposes as part of the Ottoman dominions, and that the Egyptian customs could not refuse to recognize the validity of a "raftich" produced by a foreign merchant. [See as to Treaty rights and the Capitulations on this point, Sir E. Hertslet's Memorandum, Print, No. 15, p. 31.]

The answer to that question seems to be that the difficulty can be surmounted in the manner provided by the Firmans, namely, by Conventions with the Powers. Sir E. Baring himself indicates this solution (Print, p. 34), and Sir E. Hertslet in a Minute (not printed) of the 11th August, 1884, suggests that Egypt might offer to reduce her import duty by 1 per cent. in favour of those Powers who waived the Treaty rights in question, as regards reshipment of goods duty free from Turkey to Egypt and *vice versa*.

A general provision might be made as to a drawback being allowed on re-exports from Egypt within six months, charging only transit duty.

The conclusion seems to be that there is nothing to prevent the Khedive from

putting an end at once to the "raftieh" system as regards tobacco; and that as regards other articles he only requires the assent of the Powers (to be obtained by means of commercial arrangements) in order to establish the complete fiscal autonomy of Egypt, and to deliver her from the Customs Regulations of Turkey. As before stated, the effect of the abolition of the "raftieh" system in Egypt, according to the computation of Mr. Caillard, would be to save an expenditure of 200,000*l.* a-year, which is equivalent to more than one-fourth of the present total customs revenue.

The introduction of Greek tobacco is stated to have already added considerably to the revenue, and if the proposed scheme is carried out, and followed up by the acceptance by the Powers of the new laws relating to the stamp duties, and taxes on professions, the general result will go a great way towards re-establishing the finances of the country.

(Signed) JULIAN PAUNCEFOTE.

Foreign Office, September 22, 1884.

No. 19.

The Law Officers of the Crown and Dr. Deane to Earl Granville.—(Received November 18.)

My Lord,

Royal Courts of Justice, November , 1884.

WE were honoured with your Lordship's commands signified in Lord Edmond Fitzmaurice's letter of the 11th ultimo, stating that he was to transmit to us the accompanying Confidential Print of papers relating to the question of the importation of tobacco, and to the maintenance of the "raftieh" system in Egypt.*

That Lord Edmond Fitzmaurice was to refer us, in the first place, to the Memorandum in the Print (No. 18, p. 31), which explained the two points under consideration, and indicated the particular documents which bore upon them. That the questions which had arisen were:—

1. Whether the Khedive has power under the Firmans to regulate the importation of tobacco into Egypt, without reference to the Turkish Customs Regulations on the subject, and to decline to carry out the "raftieh" system as regards tobacco.

2. Whether the Khedive has power by his own Decrees, and by Conventions with the foreign States possessing Treaty rights on the subject, to free Egypt from the Turkish Customs Regulations as regards all imports and exports, and, in fact, to establish the complete autonomy of Egypt in the matter of customs.

That, as regarded the first question, Lord E. Fitzmaurice was to refer us to our Report of the 29th May, 1883 (Print, No. 5, p. 8), and to the two Memoranda at the close of the Print (No. 17, p. 33, and No. 18, p. 31); also to the opinion of M. Padoa, the legal adviser of the Egyptian Customs (Print, No. 3, p. 4). That we would observe that no special undertaking had been given by Egypt to the Porte to maintain the "raftieh" system as applied to tobacco, but that "raftiehs" were demanded at Egyptian ports in pursuance of the Turkish Regulations applicable to the whole of the Ottoman dominions.

That, as regarded the second question, Lord E. Fitzmaurice was to refer us to the two Memoranda above mentioned (Print, No. 17, p. 33, and No. 18, p. 34), and to the documents referred to in No. 18.

That a copy of the Firmans was transmitted therewith,† and the Articles of the Capitulations of 1675 which bore on the subject under consideration would be found in a Memorandum by Sir E. Hertslet (Print, No. 15, p. 31). That the Treaty of 1861 between Great Britain and Turkey referred to in that Memorandum had expired, and the commercial relations between the two Governments were based (pending the conclusion of a new Treaty) on the right claimed by Great Britain to most-favoured-nation treatment in the Ottoman dominions.

That Lord Edmond Fitzmaurice was to request that we would take the papers transmitted therewith into our consideration, and that we would favour your Lordship with our opinion on the questions submitted in his letter, and with any general observations which we might have to offer thereon.

In obedience to your Lordship's commands we have the honour to report—

1. That we think the Khedive has power, under the Firmans, to regulate the importation of tobacco into Egypt, without reference to the Turkish Customs Regulations on the subject, and to decline to carry out the "raftieh" system as regards tobacco.

* See previous Correspondence.

† Firmans. Confidential No. 4747.

We agree generally with the opinion expressed by M. Padoa on this point. But we still entertain the doubt which we expressed in our Report of the 15th December, 1883, whether the Porte might not object to any Agreement for the importation of tobacco in Egypt by a Power prohibited, under a current Treaty with the Porte, from importing tobacco into the Turkish dominions.

2. We think that, speaking generally, the Khedive has power, by his own Decrees, and by Conventions with the foreign States possessing Treaty rights on the subject, to free Egypt from the Turkish Customs Regulations as regards all imports and exports. But we should not feel warranted in expressing a positive opinion that, in the case of any State having a current Treaty, the Porte might not take exception to such a Convention, without carefully considering the terms of the particular Treaty.

We have, &c.
(Signed) HENRY JAMES.
FARRER HERSCHELL.
J. PARKER DEANE.

No. 20.

Earl Granville to Sir E. Baring.

(No. 61. Commercial. Confidential.)
Sir,

Foreign Office, December 3, 1884.

WITH reference to your Memorandum of the 1th July on the subject of the "raftieh" system in Egypt, I transmit to you herewith a collection, in print, of the most important papers in the matter, and also inclose, for your information, a copy of a Report thereon from the Law Officers of the Crown.* You will perceive that the Law Officers concur in M. Padoa's opinion that the Khedive can decline to continue the "raftieh" system as regards tobacco.

I am, &c.
(Signed) GRANVILLE.

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* No. 19.